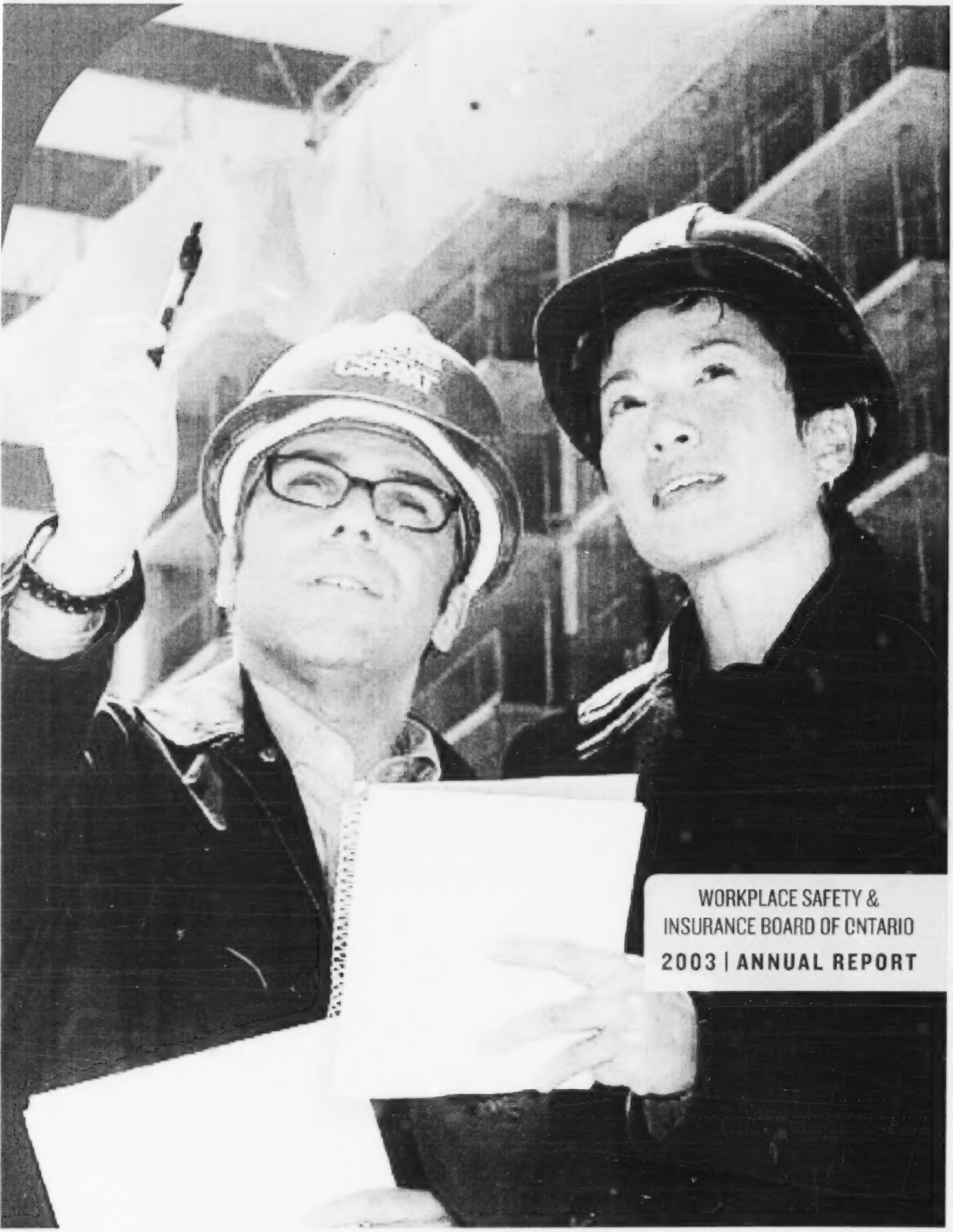

WORKPLACE SAFETY & INSURANCE BOARD OF ONTARIO

2003 | ANNUAL REPORT

104-06592/

OUR VISION:

THE ELIMINATION OF ALL WORKPLACE INJURIES AND ILLNESSES

Ontario's Workplace Safety and Insurance Board (WSIB) envisions a future when injuries and illnesses have been eliminated from all Ontario workplaces.

Workplace safety and insurance will always be an important consideration for every worker and employer in Ontario. But we see a future when all Ontarians can go to work secure in the knowledge that every possible measure has been put in place to ensure their safety.

The WSIB is working together with its partners to build a future for our children in which workplace injuries and illnesses are a thing of the past.

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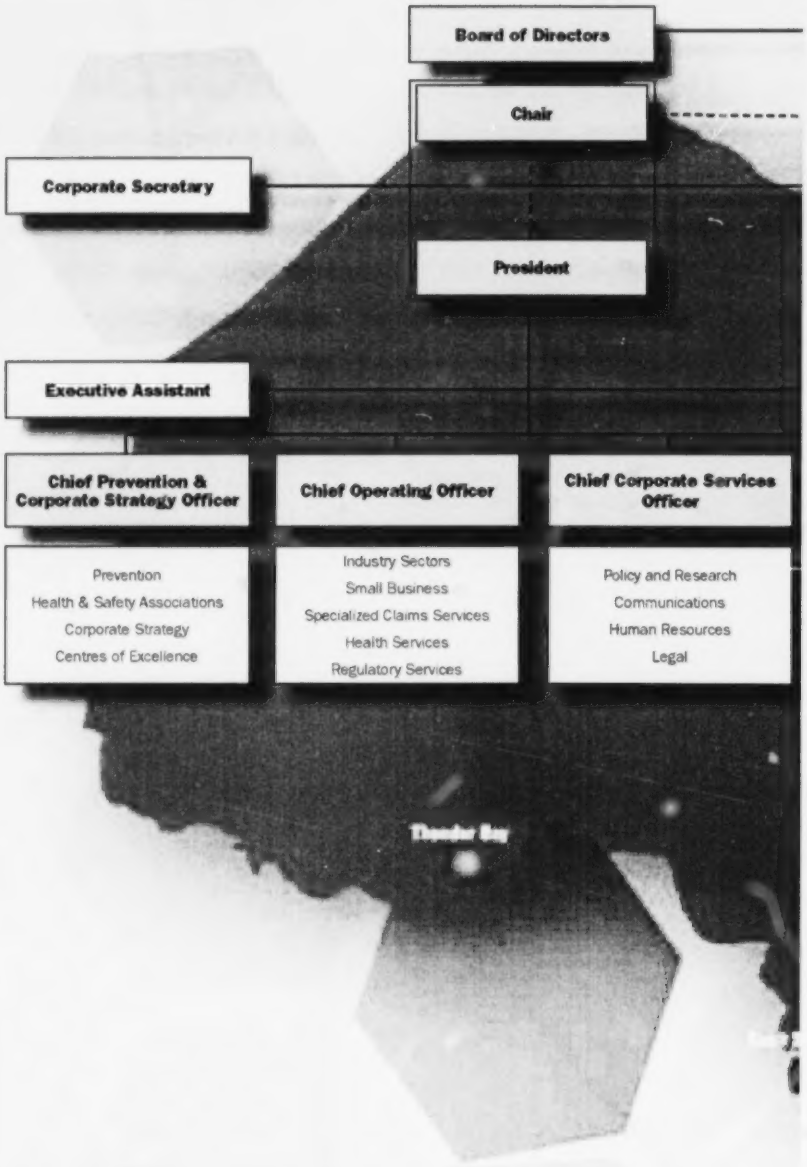
WSIB STRUCTURE

In 2003, the WSIB's management structure was realigned to improve its efficiency and effectiveness. Four team clusters with Chief Officers for Operations, Corporate Services, Prevention and Corporate Strategy, and Finance now report directly to the President, with Vice-Presidents reporting to the Chief Officers.



WSIB OFFICES

The WSIB is an organization of 4,276* people. It has a network of offices across Ontario in Toronto, Guelph, Hamilton, Kingston, Kitchener, London, North Bay, Ottawa, Sault Ste. Marie, St. Catharines, Sudbury, Thunder Bay, Timmins and Windsor.

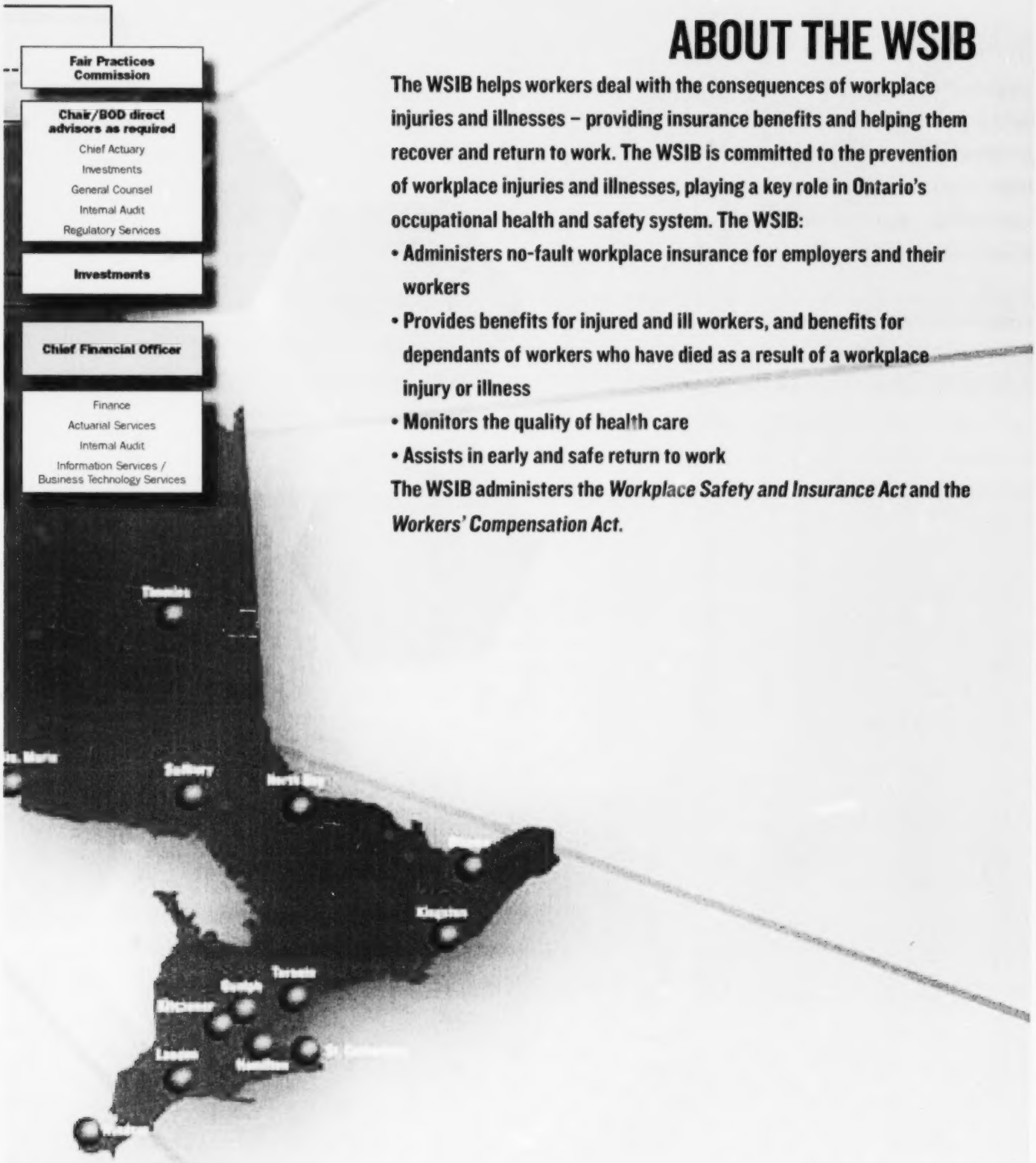
* As at December 31, 2003.

ABOUT THE WSIB

The WSIB helps workers deal with the consequences of workplace injuries and illnesses – providing insurance benefits and helping them recover and return to work. The WSIB is committed to the prevention of workplace injuries and illnesses, playing a key role in Ontario's occupational health and safety system. The WSIB:

- **Administers no-fault workplace insurance for employers and their workers**
- **Provides benefits for injured and ill workers, and benefits for dependants of workers who have died as a result of a workplace injury or illness**
- **Monitors the quality of health care**
- **Assists in early and safe return to work**

The WSIB administers the *Workplace Safety and Insurance Act* and the *Workers' Compensation Act*.



CHAIR'S MESSAGE

The WSIB touches the lives of many Ontarians. In 2003, 547,000 workers received benefits from the WSIB and more than 200,000 employers were registered with the organization.

The WSIB provides workers and employers with advice and assistance on health and safety in the workplace. It also provides specialized services and support, including management of health services for workers and employers in industry sectors and small business. These activities are supported within the organization by dedicated areas responsible for policy, research and communications, as well as financial, regulatory and legal services. For more detailed information on the services and programs provided by the WSIB, I encourage you to visit our web site at www.wsib.on.ca.

This report will provide updates on some of the initiatives that were undertaken during the year.

One of the highlights of 2003 was the establishment of the Fair Practices Commission at the WSIB. The Commission, which is led by Laura Bradbury, is an independent body that reports directly to the Board of Directors. The Fair Practices Commission addresses service delivery issues raised by workers, employers and service providers.

In the area of Prevention, we focused on some specific health and safety issues, such as slips, trips and falls, motor vehicle incidents and noise-induced hearing loss, in order to try to reduce these preventable injuries.

The past year saw some significant progress in promoting health and safety among young workers. Research indicates our 2003 public awareness campaign directed at young workers resulted in significant attitudinal and behavioural change. The WSIB launched the second annual Student Video Contest, which attracted very creative and effective safety videos from high school students across Ontario.

I would like to make special mention of a number of the research initiatives under way at the WSIB, such as the new Centres of Research Expertise and the fine work done by the Research Advisory Council and the Institute for Work and Health.

Thanks go to the two members of the WSIB Board of Directors who ended their terms in 2003, David Williams and Eileen Mercier. We thank them for their leadership over the years, and for the inspiration they gave to all of us.

In closing, I would like to acknowledge the employees of the WSIB and the dedication and commitment they provide every day. Their commitment was clearly demonstrated during 2003 by their participation in focus group sessions and staff meetings held across the province. I would also like to thank all of our health and safety partners as we work together towards the ultimate goal: the elimination of all workplace injuries and illnesses.

Jill Hutcheon
Interim Chair

WSIB BOARD OF DIRECTORS

Patrick Dillon, Member
(July 17, 1996 - July 16, 2004)
Business Manager, Provincial Building and Construction Trades Council of Ontario.

John Gardner, Member
(April 30, 1997 - April 30, 2004)
Chair, Fields Institute for Research in the Mathematical Sciences; Chair, Angoss Software Incorporated; former President of Sun Life Assurance Company; Fellow of the Canadian Institute of Actuaries.

Chris Griffin, Member
(July 8, 1998 - July 7, 2006)
Fire Captain and qualified Director of Training, with 28 years of service.

Ron Hikel, Member
(July 4, 2001 - April 15, 2004), Acting Chair (August 15, 2002 - May 30, 2003)
Managing Director, Hampshire Consulting; recent assignments include acting as Deputy Minister of Health, Government of Manitoba.

Eileen Mercier, Vice-Chair/Member
(July 17, 1996 - November 4, 2003)
President, Finvoy Management Inc.; director of several public and not-for-profit enterprises.

Dorothy Pringle, Member
(April 19, 2000 - April 18, 2005)
Professor of Nursing, University of Toronto and Senior Fellow, Massey College; former Dean, University of Toronto.

David Williams, President and CEO
(May 1, 1998 - June 30, 2003)
Former Chief Financial Officer, Loblaw Companies Limited; former President, National Grocers.

Glen Wright, Chair
(July 17, 1996 - March 8, 2004), President (June 30, 2003 - March 8, 2004)
Founder and operator, Cowan Wright Limited; former Chair, Hydro One.

Eileen Mercier

In November 2003, Eileen Mercier concluded seven years of dedicated service as a member of the WSIB Board of Directors. During that time, Ms. Mercier served as Vice-Chair, as well as Acting Chair from May to November 1999. She also chaired the Investment and Audit and Finance Committees, contributing valuable advice and expertise in relation to financial practices and controls, and investment policy.

Ms. Mercier has provided outstanding leadership to the WSIB since she became a Board member in 1996, improving corporate governance and overall organizational effectiveness for the benefit of Ontario's workers and employers. She is one of the most effective corporate leaders in the province, and the extent of her contributions to the direction of the WSIB over the years is truly remarkable.

The WSIB thanks Ms. Mercier for her contributions, and for her ongoing commitment to the WSIB as an external advisor to the Investment Committee of the WSIB Board of Directors.

COMMITTEES OF THE WSIB BOARD OF DIRECTORS

The **Audit and Finance Committee** advises on financial and other reporting practices and internal controls.

The **Health and Safety Committee** advises on workplace health and safety policies, performance objectives, and program control and measurement criteria.

The **Information and Communication Technology Committee** reviews plans for the development, acquisition and deployment of information and communication technologies.

The **Human Resources and Compensation Committee** advises on the health and safety of employees and the human resources function.

The **Policy, Risk and Regulatory Committee** advises on policy, risk and regulatory matters.

The **Investment Committee** provides counsel on investment policy, monitors investment returns, and reviews the performance of investment managers and their compliance with applicable laws and regulations and their respective mandates.

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MOVING FORWARD

In one year, we helped more than half a million people

It has been almost 90 years since the Workplace Safety and Insurance Board (WSIB) – then known as the Workmen's Compensation Board – opened its doors. That first year, the 56 employees of the Board provided benefits to almost 10,000 workers.

Today, the WSIB is one of the largest disability insurers in North America. It receives approximately 10,000 fax pages and 8,500 mailed documents a day. In 2003 alone, the WSIB processed benefits transactions for 547,000 people. That is about five per cent of Ontario's population. There are few organizations in this province that touch that many people.

In the mid-1990s, the high volume of claims that had to be processed, and the complexity of policies and procedures that had built up over the years, prompted a major review of WSIB operations and its mandate, and led to a series of changes.

By the end of 2003, the initial phase of that undertaking is largely complete – although the WSIB continues to strive to improve.

A new way of providing benefits and services

These changes have positively affected the way the WSIB adjudicates claims, provides benefits and helps injured workers get better and back to work. The WSIB has improved efficiency and helped front-line service delivery teams develop better relationships with workers and employers.

Equally important was legislation that included the prevention of workplace injuries and illnesses in the WSIB's mandate. Prevention has now become a part of the daily work of the WSIB.

The right treatment at the right time

Nurse case managers team with adjudicators to deal with the medical aspects of claims management and recommend treatments. Their presence helps to ensure that injured workers receive the right treatment at the right time. Claims adjudicators play a key role in the delivery of the WSIB's services, determining entitlements and calculating benefits, while customer service representatives and account managers provide direct links to a full range of service solutions for workplaces.

Five years after the introduction of this service delivery team approach, the WSIB has become more knowledgeable about the workers and employers it serves, and better able to respond to their individual needs.

Ontario chiropractors and other regulated health professionals can treat injured workers with acute low back injuries using an evidence-based Program of Care developed by the WSIB in cooperation with health care professional associations, regulatory colleges and workplace representatives.

Working closely with the health care community

Like its relationship with Ontario's workers and employers, the WSIB's relationship with this province's health care community also continues to grow stronger. The Programs of Care initiative is an important part of this. Working closely with representatives from the health care professional associations (with additional input from worker and employer groups), the WSIB is designing evidence-based Programs of Care for a range of occupational injuries and illnesses.

This collaboration is already leading to better, more consistent treatment for workers with acute low back injuries. Each Program of Care will include a fee schedule that helps the WSIB manage rising health care costs.

The WSIB also funds a network of specialty clinics that provide coordinated, specialized treatment for workers with particular injuries and illnesses. These clinics provide the best possible care for injured workers, while supporting medical and clinical knowledge transfer and research.

Building stronger ties with the research community

The WSIB is building stronger ties with the research community through our Solutions for Workplace Change research initiative, through the Institute for Work and Health, and with the new Centres of Research Expertise (see page 21). These WSIB-funded initiatives are producing practical solutions that help make Ontario workplaces safer.

Relatively stable rates for employers

The WSIB has lowered premium rates by 29 per cent since 1995, but it was necessary to raise rates in 2003. This increase addressed rising health care costs and a poor investment climate. These are factors faced by all North American insurers. Despite this, rates for most Ontario employers have remained relatively stable, and the WSIB remains on track to eliminate the unfunded liability by 2014.

Promoting workplace health and safety

With the introduction of the *Workplace Safety and Insurance Act* in 1997, the WSIB took on the added responsibility for promoting workplace health and safety. Since then, the WSIB has built its capability to get prevention knowledge, experience, products and services into the workplaces where they are needed.

Social marketing is changing attitudes

Social marketing continues to play an important role as the WSIB works to raise awareness, change attitudes and encourage Ontarians to make their workplaces safer. Research shows that these campaigns are making a difference (see page 19).

Collaboration with health and safety partners

In September 2003, the WSIB and the Insurance Bureau of Canada (IBC) held their first joint conference geared toward health care providers used by both organizations. The conference provided a valuable opportunity for knowledge transfer on achieving best rehabilitation outcomes.

The WSIB continues to collaborate with the IBC and other health and safety partners – including the Ministry of Transportation, the Transportation Health and Safety Association, and the Ministry of Labour – to reduce injuries and deaths associated with motor-vehicle incidents.

Major changes nearing completion

The WSIB has seen significant change. Many new jobs have been introduced, many existing positions have been changed and new technologies and systems have been put in place. The major changes to the organization's structure are nearing completion, and the WSIB is already seeing positive results. Ipsos-Reid surveys (see page 48) show considerable improvements in customer satisfaction in recent years.

WSIB Nurse Case Manager June Brock works with workers and employers to improve health and safety in construction sector workplaces.

The next steps: now it is time to build on our achievements

In 2004, the WSIB will develop a new five-year strategic plan that will guide the organization through the next phase of its continuous improvement.

Fair Practices Commission

Part of this continuous improvement is the establishment of the Fair Practices Commission. The Commission will deal with service delivery issues raised by workers, employers and service providers. It will seek to resolve individual complaints, but it is also charged with recommending system-wide improvements in service delivery. The office operates on three tenets: impartiality, independence from the WSIB and confidentiality (see page 23).

Stakeholder consultation

As the WSIB begins the next five years of incremental improvements, working together with stakeholders will be very important. This organization is committed to keeping representatives of workers, employers, health care providers and all partners involved and informed.

Eliminating all workplace injuries and illnesses

The WSIB has made significant improvements. However, this organization must continue to build on the successes that have been achieved. We must constantly strive towards our ultimate goal: the elimination of all workplace injuries and illnesses in Ontario.

OPERATIONS AND HEALTH CARE

Finding service solutions

WSIB service delivery teams work closely with workers and employers to manage claims and deliver services efficiently. They are developing closer links with workers and employers, using personal visits – plus special workshops for groups of employers to transfer knowledge on a range of issues, from specific administrative matters to workplace health and safety.

Team members are responsible for identifying workplaces in need of advice and assistance on health and safety and administrative matters. Using data gathered on workplace visits and obtained from WSIB systems, they review the number of injuries, reporting practices, average duration of claims and other factors to decide which workplaces would benefit most from a personal visit. In this way, WSIB resources are directed to where they are needed most.

Designing and developing customer strategies

Specific strategies are developed by service delivery teams to meet the needs of specific groups of workers and employers, and to address particular problem areas in both health and safety and interaction with the WSIB. This approach is producing improvements in the reporting of injuries and illnesses and premiums by employers, and faster recovery and return to work for injured and ill workers.

Two drivers of improved services for workers and employers

Another way in which the WSIB delivers service solutions is through Sector Interagency Groups (SIGs) and Sector Advisory Committees (SACs). These two groups meet regularly in each industry sector to identify problems and solutions that are specific to that industry.

SIGs promote partnerships among the WSIB, the Ministry of Labour and the Health and Safety Associations to drive improvements that meet the specific identified needs of each industry sector. SACs bring together workers, employers and unions in each industry sector to identify the changes that are required. The SIGs and SACs, working together, allow the WSIB to find out what industries need – from all perspectives.

Improvements in claims processing

By finding new opportunities to improve service levels and increase efficiency, the WSIB's Central Claims Processing area has improved the average time from claim registration to first decision by 9.7 per cent, or one day, compared with the same period in 2002. The average time for claims decisions now stands at 9.3 days, compared with 13 days in 2000.

Thousands of documents are received each day, and new technology is helping the WSIB to process them faster. Increasingly, documents are sent by fax and received and routed electronically to the claim files within hours.

The WSIB's Central Claims Processing area received over two million pages of faxed information in 2003.

In 2003, faxes received by the WSIB totalled more than two million pages, an increase of 13 per cent over 2002. We now receive 81 per cent of Employer's Reports of Injury/Disease and 51 per cent of Health Professional's Reports by fax.

A dedicated team to minimize the negative effects of traumatic mental stress

To meet the specialized needs of workers with illnesses due to traumatic mental stress, the WSIB has set up a service delivery team with special expertise in dealing with this type of claim. The team understands that early intervention, identification and treatment lead to a better recovery prognosis and early and safe return to work.

In 2001, workers receiving benefits for traumatic mental stress were off work for an average of 68 days. By the end of June 2003, the specialized team handling these claims had reduced the average time off work to 42 days.

The success of the team is based on involving nurse case managers and other team members as early as possible to advise on treatment solutions and to help employers and workers find suitable modified work solutions.

Professional Practice model guides our nursing practices

In 2003, the WSIB's Professional Practice branch completed the development and implementation of a model for professional nursing practices. The model guides nurse case managers in using a worker-centred and holistic approach to working with injured workers to achieve optimal recovery and timely and safe return to work, ensuring the same high standards of care for all injured workers.

More choice of health professionals for injured and ill workers

In 2003, work was completed on policy changes to allow injured and ill workers to make their initial choice of health professional from among physiotherapists

and registered nurses (extended class), as well as chiropractors and physicians. Workers may now see physiotherapists and registered nurses (extended class) without a referral from a physician or a chiropractor, giving injured workers direct access to a wider range of care.

Early and safe return to work: A new direction

Service delivery teams are taking a leadership role in building return to work capabilities in Ontario workplaces. A new direction introduced in 2003 calls for the WSIB to provide increased support to the workplace parties in the return to work process. In 2003, the WSIB looked at best practices and the latest research to launch a new approach to promoting early and safe return to work. This new approach involves training service delivery teams to take a more active leadership role when helping employers and injured workers to identify early, safe return to work solutions.

Case conferencing activity, which began in 2002, became more focused in 2003, ensuring that claims with the potential for longer durations were reviewed and action plans were developed. The development and monitoring of these plans is leading to improved and timelier access to services and treatment, and to eventual successful return to work for injured workers.

The WSIB bridges the gap between workers and employers – helping them to meet their shared responsibility to work toward early and safe return to work.

REGULATORY SERVICES

In 2003, the WSIB began the transition to a new regulatory services model based on a continuum of activities aimed at bringing workplace parties into compliance with their obligations in the most appropriate ways possible. The transition to this new, more broadly based model will be complete during the first half of 2004.

The Regulatory Services Division continues to deliver traditional investigation and prosecution services, but also provides training, advice and analytical help to front-line WSIB staff, supporting their efforts to promote compliance through education and administrative enforcement.

In 2003, Regulatory Services received more than 3,200 calls to its toll-free action line (1-888-745-3237), and investigations led to the laying of 414 charges.

PREVENTION IN OPERATIONS

Innovative solutions are being implemented: the "priority issues" approach

In 2003, service delivery teams implemented innovative solutions that are making workplaces safer and healthier for workers across Ontario. Teams took three prevention priorities – slips, trips, and falls; motor-vehicle incidents; and noise induced hearing loss – and with the help of the WSIB's Prevention division, they worked to address them in Ontario workplaces.

The "priority issues" approach has several stages. First, staff prepare by identifying at-risk and poorly performing workplaces through reviews of injury and illness statistics. Then they contact workplaces to assess the workplace needs and determine an appropriate response. The response is implemented, recorded and evaluated in cooperation with workers and employers.

Identifying opportunities

While handling claims and conducting workplace visits, WSIB service delivery team members are constantly looking for ways to identify opportunities to improve safety in workplaces. They are diligently pursuing prevention efforts aimed at reducing motor-vehicle incidents, which are a leading cause of workplace fatalities, as well as slips and falls and musculoskeletal disorders, which are leading causes of lost-time injuries.

Regarding motor-vehicle incidents, team members visiting workplaces in 2003 asked if workplaces had established standards or expectations for trip planning and duration, and limits on distances and driving times. They also asked if appropriate training had been provided. The WSIB was able to use the information provided to advise workplaces on ways of improving driver safety.

Targeting priority firms in the construction sector

In the construction sector in 2003, service delivery teams participated in an initiative in partnership with the Construction Safety Association of Ontario (CSAO) and the Ministry of Labour. The aim was to help workers and employers in firms with two or more injuries in the previous year and a lost-time injury (LTI) frequency greater than half the industry average – providing assistance where it is needed the most.

In addition to the work with these priority firms, teams contacted firms by phone after their first LTI in 2003 to provide education. If there was a second LTI, the firm was referred to the CSAO and the Ministry of Labour for assistance.

Manufacturing Sector focuses on falls, motor-vehicle incidents

In June 2003, staff from the WSIB's Manufacturing Sector held a workshop on preventing slips and falls and motor-vehicle incidents. More than 60 security, armoured-car and metal-trades companies were represented. Speakers from the WSIB, the Ministry of Labour, the Industrial Accident Prevention Association (IAPA) and the Transportation Health and Safety Association of Ontario (THSAO) participated in the workshop. The aim was to

Fergus Kerr, director of the WSIB's Mining and Aggregates Sector, is promoting a new kit that aims to help eliminate noise induced hearing loss in Ontario workplaces.

identify short- and long-term goals and develop action plans to eliminate slips, falls and motor-vehicle incidents.

Regular workshops raise awareness of hazards

Workshops such as the one discussed above are organized regularly by WSIB service delivery teams to raise awareness of workplace hazards and facilitate the exchange of valuable health and safety information. In 2003, the WSIB conducted more than 450 health and safety workshops, which were attended by more than 14,000 people. These kinds of prevention activities are a core part of the business for all WSIB front-line staff.

Collaboration helps prevent noise induced hearing loss

In 2003, the WSIB partnered with worker and employer groups to create a new kit that helps Ontario employers implement hearing conservation programs. The kit includes information about noise, information about how to set up a hearing conservation program, and an audit tool to help employers determine how their noise control and hearing conservation program compares to industry best practices.

Prevention activities are making a difference

The work of WSIB front-line staff to improve health and safety in Ontario workplaces is making a difference. In 2003, there was a 12.5 per cent decrease in the number of businesses that had more than one LTI claim in the previous 12 months.

Ray Smith, WSIB Community Outreach Specialist, talks to staff in a Mississauga factory about workplace health and safety and his experiences as an injured worker. Ray suffered an eye injury while working in an automotive plant.

PREVENTION PROGRAMS

Partnerships are improving health and safety

In recent years, partnerships at all levels have emerged as the key to preventing injuries and illnesses in Ontario workplaces. More and more, we are seeing effective partnerships, encouraged and supported by the WSIB – at both the provincial level and the industry level – bringing about real improvements to worker health and safety in Ontario.

Strategic directions and priorities are coordinated by the Occupational Health and Safety Council of Ontario (OHSCO), an organization that brings together the WSIB, the Ministry of Labour, Safe Workplace Associations, training centres, clinics, and the Institute for Work and Health to provide high-level guidance. The Sector Interagency Groups (SIGs) (see page 13), in turn, bring energy and purpose to health and safety activities in individual industries by coordinating prevention planning to help individual workplaces in every sector.

Incentive and education programs are making a difference

In 2003, participation in the WSIB's workplace health and safety education programs continued to grow. Program evaluations were completed for Safety Groups, the Safe Communities Incentive Program (SCIP) and Workwell. The findings show that firms participating in these programs are less likely to experience injuries and illnesses, compared with firms that are not participating.

Successful Safety Groups initiative continues to expand

Under the Safety Groups program, firms gain access to health and safety training and resources. There are now 32 groups in the program, which targets industries in which there is a high risk of injury and companies that are performing poorly in health and safety.

Typically, employer association sponsors take the lead in identifying annual health and safety achievement requirements, holding meetings and mentoring participating employers.

Safety Groups a proven success

Evaluation results show Safety Group participants have significantly fewer and less severe injuries. Over a one-year

period, the cost of running the program was $5.1 million, while the savings to the system due to injury reductions was $5.98 million – a net saving of $880,000.

Safe Communities Incentive Program (SCIP)

The Safe Communities Incentive Program (SCIP) targets small business in a community setting, linking to wider community safety programs and emphasizing the recruitment of poor health and safety performers. WSIB staff lead SCIP program interventions, including safety awareness training for business owners, health and safety coaching, self-assessment instruction and group safety meetings.

The program evaluation found that the decreases in injury frequency rates among SCIP participants have been greater than corresponding decreases in a comparison group. In 2003, the reach of SCIP increased by 1,200 businesses through e-learning and community college training initiatives.

The Workwell audit program helps poor performers

The Workwell program aims to improve health and safety in the Ontario workplaces that have the worst safety records. Recent value-for-money audit findings have confirmed that the Workwell program is a valuable component of Ontario's occupational health and safety system.

Total injury frequency rates have declined following Workwell audits. For every dollar spent on administering the program, eight dollars are saved in reduced injury costs over a three-year period.

Social marketing raises public awareness

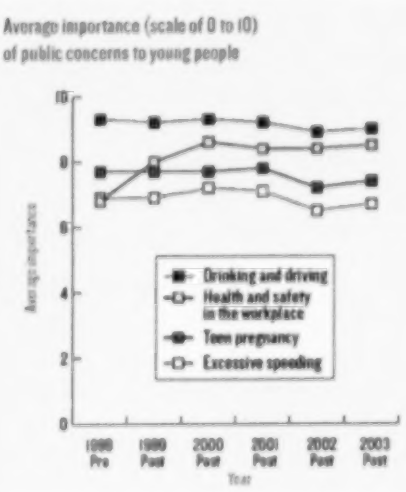
Since 1999, the WSIB has developed and implemented a variety of components in a prevention marketing strategy designed to increase awareness and change attitudes and behaviours. Post-campaign research conducted after each phase of activity has indicated an increase in awareness of the WSIB and of the importance of preventing workplace injuries and illnesses. Our aim is to make safety in the workplace a top-of-mind social concern among Ontarians.

Youth awareness campaign is shifting attitudes

Research has indicated that young workers differ significantly from their older counterparts in their experience and attitudes. Since 1999, a campaign has targeted workers aged 15 to 24, building on the prevention and shared responsibility messages of the overall marketing strategy.

The youth campaign helps Ontario's young people become aware of their rights and responsibilities with respect to occupational health and safety. Research conducted among young workers in each year of the campaign has shown a favourable shift in attitudes about the importance of workplace safety.

This graph shows how the WSIB's Young Worker Awareness campaign has changed the way young people think about health and safety in the workplace. It has become a more important concern for many of them. And the WSIB's ongoing campaign has sustained this change in recent years. (Other statistics show the number of young people who discussed workplace safety with a fellow employee doubled from 2002 to 2003.)



Hamilton students Adrian Laurie of Hill Park Secondary High School, and Chris Parc of St. Jean de Brébeuf High School, won the WSIB's 2003 Student Video Awards contest for their entry "Presence of Absence." The contest helps to raise awareness among Ontario high school students of workplace health and safety rights and responsibilities.

WSIB partners creating youth safety programs

Programs targeting youth are also being conducted by the WSIB in partnership with other organizations. These include the Passport to Safety training program, Council of Leaders in Prevention Breakthroughs, parent forums and information products, school council awareness programs at elementary, secondary and post-secondary schools, and a program for special-needs students.

High school video contest encourages creativity

The WSIB's health and safety video contest for high school students had its second successful year in 2003. The contest raises awareness among secondary students by encouraging them to find creative ways to express their ideas about workplace health and safety. The WSIB, in partnership with the Ministry of Labour and the Ministry of Education, challenges students to respond to a specific workplace health and safety theme with originality and style by producing their own videos.

Nearly 350 Ontario high school students have submitted entries since the contest began. Submissions have covered a wide artistic range, including live action dramas, news reports, rock videos, documentaries, TV commercials and animation. This contest promotes students' understanding of their workplace rights and responsibilities – helping to prevent future workplace injuries, illnesses and fatalities.

RESEARCH

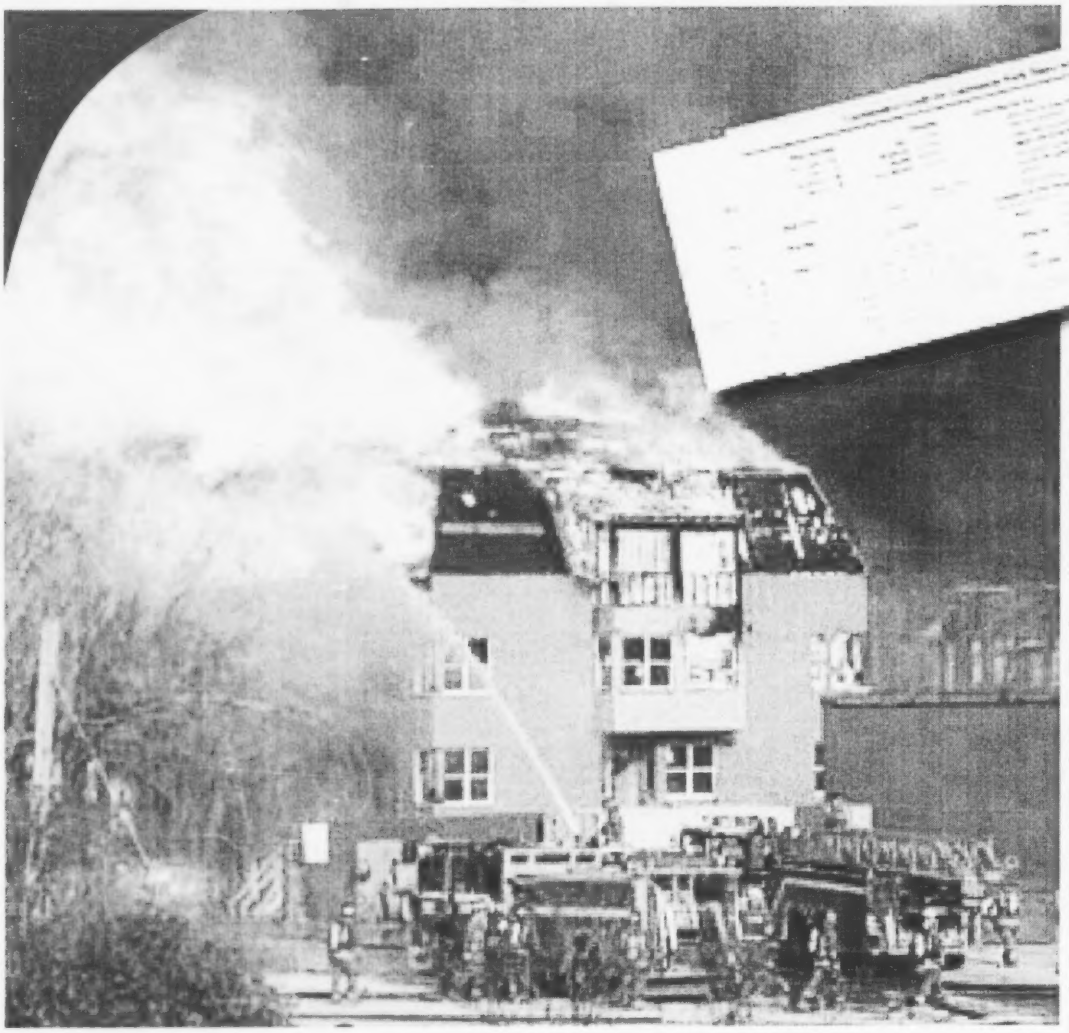
Using 3-D glasses in Laurentian University's virtual reality lab, researchers are able to "drive" load-haul-dump (LHD) vehicles through virtual underground mines to identify optimal vehicle and mine configurations. The aim of this WSIB-funded research is to improve visibility for vehicle operators. LHDs were involved in 1,558 reported accidents (including 10 fatalities) over a ten-year period. Research findings have reinforced the need for safety training for LHD operators and pedestrians. Researchers include (standing, L to R): Jim Cluff (project advisor), Tammy Eger (co-investigator), Richard Roach (project advisor), and Paul Dunn (principal investigator).

Generating knowledge to make workplaces safer

The WSIB's research programs are generating knowledge that will make Ontario workplaces safer and healthier. The WSIB funds research through its Solutions for Workplace Change grants program, through Centres of Research Expertise, and by providing funding for Ontario's Institute for Work and Health.

Solutions for Workplace Change

The Solutions for Workplace Change competitive grants program funds research to prevent workplace injuries and illnesses, to improve the diagnosis, treatment, rehabilitation and return to work of injured workers, and to ensure the fair compensation of injured workers and appropriate assessment of employers. The Research Advisory Council (RAC) oversees this grants program, recommending projects for funding to the WSIB Board of Directors. The RAC is composed of representatives of workers, employers, Safe Workplace Associations, the Institute for Work and Health, the Ministry of Labour, the research community and the WSIB.



WSIB-funded research by Tom McLellan, of Defence Research Development Canada, led to the development of this slide rule, which will help to reduce heart attacks among firefighters.

Transfer of research to the real world leads to a practical prevention tool for firefighters

Research findings are resulting in new products and best practices that workers, employers, joint health and safety committees, health and safety practitioners, health professionals and policy-makers can implement in the workplace. One successful example of this is the WSIB-funded research of Tom McLellan of Defence Research and Development Canada. Recognizing that heart attacks are the number-one cause of firefighter deaths on the job, the WSIB funded a study by McLellan that looked at how long firefighters can work safely in protective clothing in a range of environmental conditions.

In 2003, McLellan and his co-investigators produced an easy-to-use slide rule that allows Incident Commanders to calculate safe limits for continuous work times for their firefighters. The results of this study can help reduce heart attacks among firefighters.

The future: Centres of Research Expertise

Information-sharing and collaboration will help to generate research results that will benefit Ontario's workplaces. In 2003, the WSIB took the first steps towards establishing a network of Centres of Expertise in research dedicated to reducing work-related injuries, illnesses and disability in Ontario.

Two Centres of Expertise have now been established. The Centre of Research Expertise for the Prevention of Work-Related Musculoskeletal Disorders and Disability, administered at the University of Waterloo and headed by Dr. Richard Wells, will use basic and applied research to generate the knowledge needed to build foundations for the effective prevention of musculoskeletal injuries. The Centre for Research Expertise in Occupational Disease, administered at the University of Toronto and St. Michael's Hospital and headed by Dr. Linn Holness, will link researchers from a range of disciplines to develop coordinated, strategic research and a knowledge transfer program.

THE FAIR PRACTICES COMMISSION

Fair Practices Commissioner Laura Bradbury and her staff address WSIB service delivery issues.

Helping the WSIB maintain the highest level of customer service

In 2003, the Fair Practices Commission was established to help the WSIB continue its improvements to service delivery. The Commission addresses ongoing issues raised by workers, employers and external service providers. It does not make, overturn or review entitlement decisions under the *Workplace Safety and Insurance Act*. The Commission began listening to complaints in January 2004.

The office operates on three tenets: impartiality, independence and confidentiality. Fair Practices Commissioner Laura Bradbury and her staff are completely separate from the WSIB's day-to-day operations; the Fair Practices Commissioner reports directly to the WSIB Board of Directors.

The Commission has six staff – an intake coordinator, a bilingual intake analyst, three Fair Practices specialists (two in Toronto and one in Thunder Bay) and one administrative assistant. In addition, five specialists have been trained and are on-call if needed. On January 26, 2004, the Commission opened to the public in Thunder Bay and Sault Ste. Marie. In April 2004, it became available to all of Ontario.

To contact the Fair Practices Commission:

Phone:	(416) 603-3010
Toll-free:	1-866-258-4383
TTY:	(416) 603-3022
TTY Toll-free:	1-866-680-2035
Fax:	(416) 603-3021
Website:	www.fairpractices.on.ca
Address:	123 Front Street West, Toronto, Ontario M5J 2M2

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

As an integral part of the annual report, the management's discussion and analysis provides further insights into the financial position of the WSIB as presented in the audited financial statements and the accompanying notes to the financial statements: Balance Sheet, Statement of Operations and Unfunded Liability, and Statement of Cash Flows. This section should be read in conjunction with those financial statements. Our objective is to provide a clear understanding of the WSIB's financial results from a management perspective.

Ontario's Workplace Safety and Insurance Board operations

The WSIB is committed to the prevention of workplace injuries and illnesses – playing a key role in the province's occupational health and safety system.

The WSIB also:

- Administers no-fault workplace insurance for employers and their workers
- Provides benefits for health care and for economic and non-economic loss due to workplace injuries and illnesses, as well as benefits for dependants where death occurs as a result of a workplace injury or illness
- Monitors the quality of health care provided to injured workers
- Assists in early and safe return to work

Funding and investment strategies

Just over 200,000 employers are registered as Schedule 1 employers with the WSIB. Schedule 1 relates to services and industries in which employers are insured through "collective liability" and are required to pay premiums into a fund referred to as the WSIB Insurance Fund.

The WSIB has about 700 registered Schedule 2 employers. These employers are referred to as "self-insured." A Schedule 2 employer pays for its own injured workers' benefit costs and the related administrative expenses rather than sharing these costs with other employers in similar businesses. A separate plan is in place to provide assurances that Schedule 2 employers are able to fund the cost of their future benefit payments to their injured workers.

The long-term funding strategy for the WSIB's collective liability insurance plan requires that the full cost of all claims in the system be provided for by 2014. Although the funding strategy is long-term in nature, annual reviews are performed to ensure premium rates are set for the following year at appropriate levels. These reviews allow the WSIB, in collaboration with its stakeholders, to be flexible and responsive in setting annual premium rates.

There are a variety of issues that face the workers' compensation industry in North America. Both economic and non-economic factors can add significant cost pressures to the total cost of the system at any time. Economic factors that affect the total cost of the system include investment returns, inflation rates, wage increases and health care costs. Non-economic factors include the frequency and duration of claims, mortality rates, the

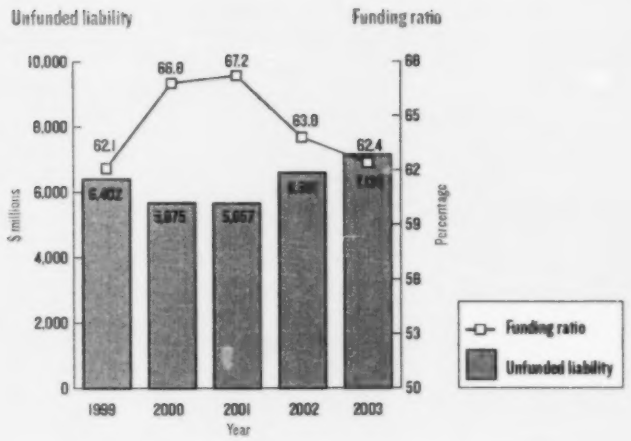
timeliness and degree of recovery from injuries, and demographic characteristics.

In recent years, volatility in the equity markets has had a worldwide impact and like other insurance and workers' compensation organizations, the WSIB continued to be impacted by world markets, which resulted in negative investment returns in 2001 and 2002. In addition, the continuing trend of higher health care costs and improved longevity for benefit recipients have required changes in actuarial assumptions in order to meet the provisions for future benefit costs.

The WSIB's investment strategy is based on a long-term view. In the short term, returns on the fund will vary according to market volatility. The WSIB's investment portfolio is diversified among three main asset classes – fixed-income securities, equities and real estate – in order to maximize returns at acceptable risks. This asset mix takes into account the nature of the WSIB's financial obligations and funding goals.

The Investment Committee, reporting to the Board of Directors, oversees the WSIB's investments. The members of the Investment Committee are highly qualified and acknowledged experts in the fields of banking, finance and investments.

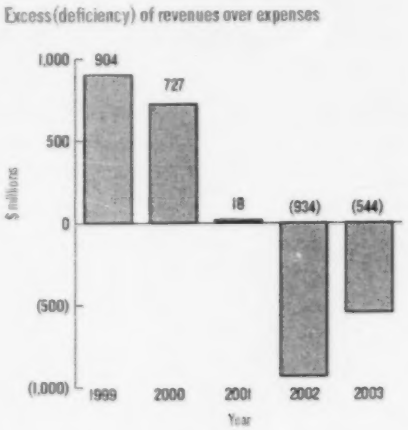
The Statement of Investment Policy and Procedures (SIPP) that governs the Insurance Fund for collective liability employers is reviewed annually. The SIPP defines the policies and principles employed in the investment of the Insurance Fund's assets, and sets an appropriate asset mix based on WSIB objectives. The SIPP also defines the governance structure and procedures used in the ongoing management and oversight of the Insurance Fund's assets and investment managers. Management of the Insurance Fund's investments has been delegated to a carefully selected team of independent external investment management organizations.



The WSIB has an unfunded liability, which means that insufficient assets are available today to satisfy the lifetime costs of all of the claims now in the system. As of December 31, 2003, the unfunded liability increased by $544 million to $7,135 million, compared with $6,591 million as of December 31, 2002. At the end of 2003, the funding ratio (the ratio of assets to liabilities) stood at 62.4 per cent. At the end of December 31, 2002, the funding ratio was 63.8 per cent.

Excess (deficiency) of revenues over expenses

In 2003, expenses exceeded revenues by $544 million. The primary factors driving this deficiency were significantly influenced by factors external to the



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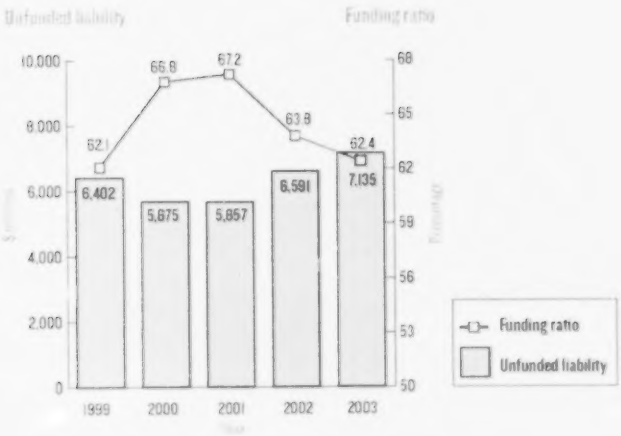

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Excess obligations over revenues over expenses

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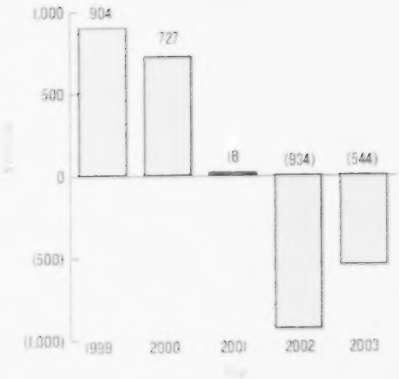


WSIB and also impacted other organizations. First, investment income in 2003 was the result of smoothing the negative returns from 2001 and 2002. Secondly, changes in actuarial assumptions based on actual experience also contributed to an increase in benefit costs. Even though the WSIB experienced improved investment revenue compared to 2002, total premium revenue was not sufficient to cover benefit costs – primarily, the costs for loss of earnings benefits and health care. Although the WSIB recorded a deficiency for the second year in a row, the 2003 result was an improvement of $390 million over 2002, when expenses exceeded revenue by $934 million.

Revenue

WSIB revenue must cover all costs associated with new and existing claims. Revenues of the system are raised through premiums, which are collected from all Schedule 1 (collective liability) employers. Schedule 2 (self-insured) employers' reimbursements also contribute to WSIB revenues, as do earnings from the diversified Insurance Fund.

Total premium revenue increased by $30 million to $2,929 million in 2003, compared with $2,899 million in 2002.

Premium revenue for years ended December 31

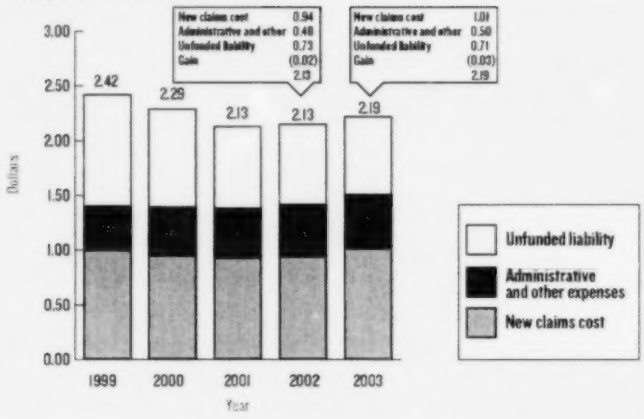
($ millions)	2003	2002	Increase/(decrease)	
Schedule 1 (collective liability)				
Premiums for the year	$1,941	$1,761	$180	10.2%
Experience rating net refunds	(169)	(51)	(118)	(231.4)
Interest, penalties less bad debts	23	31	(8)	(25.8)
Schedule 1 current premiums	1,795	1,741	54	3.1
Schedule 2 (self-insurers) reimbursements	273	256	17	6.6
Total premiums for the year	2,068	1,997	71	3.6
Premiums for unfunded liability	861	902	(41)	(4.5)
Total premium revenue	$2,929	$2,899	$30	1.0%

Schedule 1 (collective liability coverage)

Premium rates applied to employers' insured payrolls determine amounts paid for WSIB coverage. Following insurance principles, the WSIB has established a classification scheme that has rate groups based on similar business activity and comparable risk. Employers are assigned to rate groups based on their business activity. Each rate group has a different premium rate, based on past experience, which reflects the expected rates of injury and illness for that particular rate group. Premium rates include the following components:

- **New claims cost** – the expected future benefit costs and claims administrative expenses of new claims for the premium year
- **Administrative and other expenses** – the WSIB's administrative expenses, cost of prevention initiatives, and

Average premium rate components



legislated obligations and commitments for the premium year

- **Unfunded liability** – a charge towards retiring the WSIB's unfunded liability
- **Gains and losses** – the gain or loss generated by claims cost experience (introduced in 2002)

In 2003, the average premium rate increased $0.06 to $2.19 from $2.13 in 2002. Two key external factors – investment market conditions and rising health care costs – required an increase, which came at a time when workplace insurers in most jurisdictions found it was necessary to increase rates. The WSIB is committed to protecting the financial future of the system for all workers and employers while offering the most competitive rates possible. The principle of setting annual rates is based on full recovery of the costs of the system while considering the impact of rates on employers.

Premium rates are applied to employers' insured payrolls. Changes in the level of employment and earnings are two factors that influence the insured payroll for employers. Total insured payroll increased by $5,386 million from $120,252 million in 2002 to $125,638 million in 2003. During 2003, the industry sectors contributing the most to the growth in payroll were services ($1,259 million), health care ($1,007 million), construction ($921 million) and manufacturing ($718 million).

Partially offsetting premium revenue was the $118-million change in experience rating net refunds. Experience rating net refunds were $169 million in 2003, compared with $51 million in 2002. Net refunds represent the difference between refunds and surcharges paid to or received from employers as incentives and disincentives to improve workplace health and safety performance. On a collective basis, employers' premium rates are adjusted based on the combined injury experience of their rate group. On an individual basis, employer refunds are paid or surcharges are levied based on their individual claims experience. Experience rating is a key motivator to encourage injury prevention.

Schedule 2 (self-insurance)

Revenue from Schedule 2 employers in 2003 was $273 million, $17 million (6.6 per cent) more than the $256 million recorded in 2002 due to higher reimbursement of Schedule 2 benefit costs.

Investments

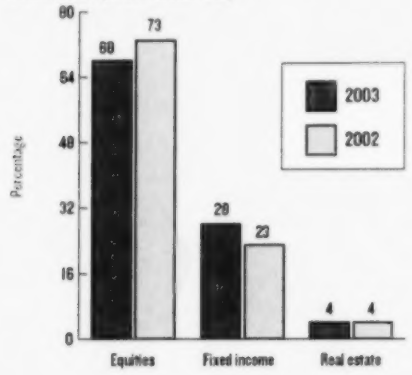
The WSIB's investments are held to meet future benefit payments to injured workers. Most of the WSIB's investments are held in the Insurance Fund, a reserve held for injured workers who have collective liability coverage.

In 2003, investment income was $456 million – an increase of 85.4 per cent or $210 million compared with 2002, when investment income was $246 million. Investment return was slightly better than the fund benchmark for the year.

During 2003, the effects of the Middle East conflict, the SARS outbreak, BSE (mad cow disease) and various adverse economic factors impacted the Canadian economy. Combined with the rising value of the Canadian dollar, these events contributed significantly to the performance of the Canadian economy, as estimated gross national product rose at less than half of 2002's rate.

In 2003, after a difficult first quarter, world equity markets rebounded strongly, with all major markets recording double-digit returns on the year. In Canada, the S&P/TSX composite index gained 26.7 per cent on the year, with 11.0 per cent of that gain coming in the fourth quarter. The information technology sector was a major contributor to the market's performance, gaining more than 67.0 per cent.

Asset mix, including Insurance Fund short-term investments (as of December 31)



Although foreign equity markets also recorded good performance in their home currencies, the strength of the Canadian dollar – particularly against the U.S. dollar – was a negative influence to Canadian investors in foreign markets. The Canadian dollar posted its largest one-year gain in its history against its U.S. counterpart, ending the year up almost 22 per cent. Partial hedging of the currency exposure of the Insurance Fund's U.S. dollar holdings helped mitigate this impact. On balance, the Canadian dollar also improved against the U.K. pound and the Japanese yen but was off marginally against the euro at the end of the year.

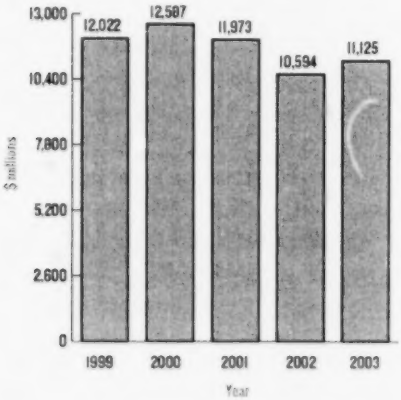
Interest rates declined fractionally on the year and, as a result, bonds recorded moderate returns with the Scotia Capital Universe index gaining 6.7 per cent for the year. Real estate recorded returns in the 10 per cent range.

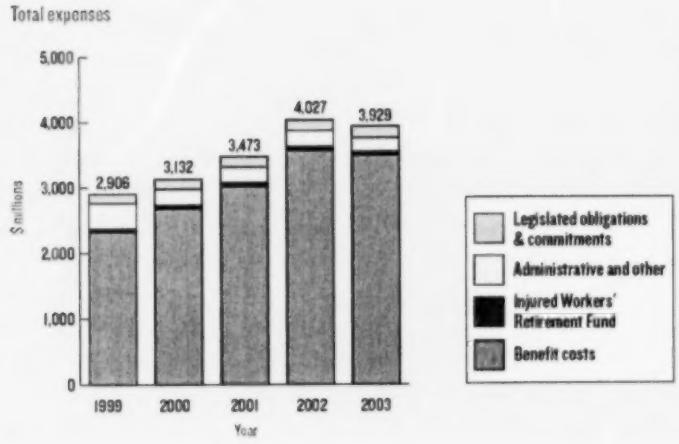
The Insurance Fund closed the year with a fair value of $11,125 million after transfers of $550 million to fund injured-worker benefit payments and higher than expected experience rating refunds. This closing fair value increased $531 million from the 2002 fair value of $10,594 million.

Insurance Fund returns are based on increases in the market value of the funds after allowing for cash outflows during the year. The Insurance Fund recorded a 12.8 per cent return for the calendar year, modestly outpacing its 12.3 per cent benchmark. For the five-year period ended December 31, 2003, the Insurance Fund earned an annualized return of 4.9 per cent – well ahead of its 1.4 per cent benchmark. Over the 10-year period ended December 31, 2003, the Insurance Fund recorded an annualized return of 8.3 per cent compared to its 7 per cent benchmark.

In December 2003, the WSIB Board of Directors approved a revision to the policy asset mix of the Insurance Fund to reduce the target equity component from 75 per cent to 65 per cent, with a corresponding increase in the bond component. All of the equity reduction was in the foreign equity allocation, which was reduced from 55 per cent to 45 per cent of the Insurance Fund. Real estate target component was left unchanged at 5 per cent of the Insurance Fund. Revisions to the policy asset mix will be implemented by the first quarter of 2004. Rebalancing towards the new policy was initiated in late December.

Fair value of investments (as of December 31)





Expenses

Expenses comprise benefit costs, administrative and other expenses, and legislated obligations and commitments. In 2003, total expenses were $3,929 million – a decrease of $98 million, or 2.4 per cent from $4,027 million in 2002. This decrease is mainly due to lower benefit costs and administrative and other expenses.

Benefits

Reported benefit costs are comprised of two elements. First, "benefit costs paid," which represent payments made or provided to injured and ill workers during the year regardless of injury year. Benefit costs paid include loss of earnings benefits for wage loss, labour market re-entry when return to original employment is not possible, and the right health care provided at the right time. Also included in benefit costs paid are short- and long- term disability benefits provided under pre-1998 legislation for wage loss and survivor benefits.

The second element included in benefit costs is the "change in benefit liabilities." This element is an adjustment to the benefit liabilities to reflect the estimated future cost of all claims. This adjustment also captures changes in liabilities for prior year claims based on experience to date.

Total benefit costs for the WSIB are made up of the benefits costs paid plus the change in benefit liabilities.

Change in benefit costs for the years ended December 31

($ millions)	2003	2002	Increase/(decrease)	
Benefit costs (before claim administration costs)	$2,705	$2,599	$106	4.1%
Claim administration costs	291	284	7	2.5
Benefit costs paid	2,996	2,883	113	3.9
Net increase/(decrease) in benefit liabilities	495	835	(340)	(40.7)
Transfer of electrical utilities from Schedule 2	-	(143)	143	100.0
Total benefit costs	$3,491	$3,575	$(84)	(2.3)%

Total benefit costs decreased by $84 million from $3,575 million in 2002 to $3,491 million in 2003. The $84 million decrease primarily resulted from the combined impacts of a number of factors. That is, an increase of $113 million in benefit costs paid, a $340 million lower increase in benefit liabilities and a $143 million increase in benefit costs due to a one-time adjustment made in 2002 for the transfer of electrical utilities employers from Schedule 2.

Total benefit costs paid or provided to injured workers in 2003 was $2,996 million. The benefit costs paid reflect an increase of $113 million, or 3.9 per cent over benefit cost paid in 2002. In 2002, total benefit costs paid or provided to injured workers was $2,883 million.

Loss of earnings benefit costs paid in 2003 increased by $123 million or 24.4 per cent. In addition to one more year of claims inventory related to Bill 99, average loss of earnings payments to injured workers were higher due to increases in workers' real salaries and wages, and the indexing factors applied on January 1, 2003 for existing claims.

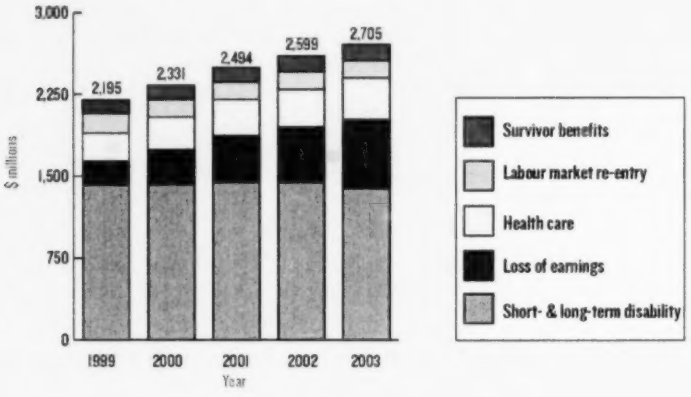
Direct health care benefit costs paid in 2003 increased by $39 million or 11.2 per cent compared to 2002. Health care benefits paid or provided by the WSIB include a full range of medical, hospital and treatment services. OHIP reimbursements to the Ministry of Health and Long-Term Care for physicians' services – as well as payments for drugs, hearing aids, medical equipment and devices, personal care allowances and independent living allowances – are also classified as health care benefits.

Both public and private sector health care plan sponsors are facing significant cost pressures. Overall health care cost increases reflect price inflation, combined with increased utilization. Some health care costs, such as drugs and medical devices are bigger drivers of inflation than others. These cost increases are due in part to the emergence of new higher-cost drug

Benefit payments by category were:

($ millions)	2003	2002	Increase/(decrease)	
Loss of earnings	$627	$504	$123	24.4%
Labour market re-entry	157	166	(9)	(5.4)
Short- and long-term disability	1,388	1,442	(54)	(3.7)
Health care	386	347	39	11.2
Survivor	147	140	7	5.0
Benefit costs paid before claim administration costs	2,705	2,599	106	4.1
Claim administration costs	291	284	7	2.5
Total benefit costs paid	$2,996	$2,883	$113	3.9%

Total benefit costs paid (before claim administration costs)



therapies, and technological advances, which typically result in more expensive medical devices.

Short- and long-term disability benefits decreased by $54 million or 3.7 per cent from 2003 to 2002 related to natural reductions and closure of older claims.

The changes in benefit liabilities from 2003 to 2002 are provided in the benefit liabilities section below.

Benefit liabilities

The WSIB's benefit liabilities are actuarially determined provisions for all future benefit costs. As of December 31, 2003 the benefit liabilities were $17,460 million, a $495 million increase from the December 31, 2002 value of $16,965 million.

Major increases in benefit liabilities that result from revisions to actuarial assumptions were $257 million and include the following items:

- A $146 million increase due to a change in mortality assumptions, which better reflects WSIB experience that injured workers and survivors receiving wage loss benefits are living longer
- A $64 million increase in the non-economic loss benefit liability due to higher level of permanent impairments and greater likelihood to claim than had been previously assumed
- A $47 million increase in loss of earnings benefit liability due to recognition of higher proportion of injured workers receiving 100 per cent wage loss than had been previously assumed

In addition, benefit liabilities increased because the growth of new business outpaced the natural reductions of benefit liabilities and closures of older claims. The major changes due to changes in claim inventories were $238 million and include the following items:

- A $320 million increase due to growth of loss of earnings claims inventory
- A $242 million increase due to increased payments levels and utilization in health care claims
- A $146 million increase due to growth in claims inventory related to external service providers, survivor pensions, migration of future economic loss claims from partially to fully indexed, and higher provision for future claim administration expenses
- A $279 million decrease due to natural reductions and closures of pensions and supplemental payments to pre-1990 injured workers
- A $138 million decrease due to natural reductions and closures on future economic loss benefits and their supplemental payments, temporary compensation benefits and rehabilitation benefits
- A $53 million decrease due to other benefit closures

Change in the benefit liabilities for the years ended December 31				
($ millions)	2003	2002	Increase/(decrease)	
Benefit liabilities, January 1	$16,965	$16,130	$835	5.2%
Net increase/(decrease) in benefit liabilities	495	835	(340)	(40.7)
Benefit liabilities, December 31	$17,460	$16,965	$495	2.9%

Sensitivity of actuarial assumptions

The benefits liability is calculated based on actuarial assumptions. Changes in these assumptions can cause significant changes in the benefit liabilities. This sensitivity is illustrated as follows.

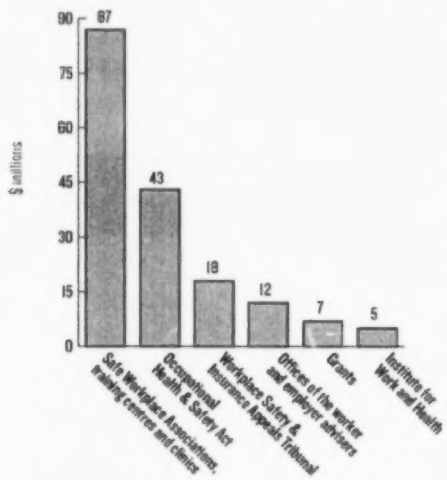
The actuarial assumption most susceptible to change is the assumed investment return of 7 per cent. The approximate impact of a 0.5 per cent decrease in the assumed investment return would have been a $625-million increase in the benefit liabilities.

Calculation of the benefit liabilities was based on WSIB injured-worker mortality experience. A flat reduction of 5 per cent in these mortality rates would increase benefits liabilities by approximately $125 million.

A 10 per cent decrease in the number of lost-time injuries in the current year would decrease benefit liabilities by approximately $100 million.

Health care benefit liabilities are calculated assuming a future rate of escalation of health care costs of 6.5 per cent per year. A 0.5 per cent increase in the escalation factor used for future health care costs would increase benefit liabilities by approximately $85 million.

Breakdown of legislated obligations and commitments



Administrative and other expenses

Total administrative and other expenses were $501 million in 2003, which includes $291 million for claim administration costs. These costs decreased by $23 million, or 4.4 per cent compared with 2002. Total administrative and other expenses were $524 million in 2002, including $284 million for claim administration costs.

Major year-over-year changes include the following items:

- An $18 million decrease (2003: $26 million; 2002: $44 million) in new systems development and integration expenses as larger-scale projects, such as the new health care billing system, were implemented. Benefits of the health care billing system included service improvements to injured workers and providers and improved accuracy of payments. In 2003, the WSIB focused its efforts on a smaller number of projects
- A $13 million decrease (2003: $40 million; 2002: $53 million) in equipment depreciation and amortization on fixed assets as many WSIB assets were fully depreciated at year end 2002
- A $5 million increase (2003: $17 million; 2002: $12 million) in other expenses as some $9 million in the new health care billing system costs were partially offset by other decreases, such as a $2.8 million reduction in specialized services as the WSIB placed more reliance on its internal expertise
- A $4 million decrease (2003: $12 million; 2002: $16 million) in communication costs largely due to some of the Prevention Social Marketing Campaign being postponed one year to 2004

Legislated obligations and commitments

In 2003, the WSIB's legislated obligations and commitments increased

$12 million to $172 million from the 2002 cost of $160 million. Together with its partners in Ontario's workplace safety and insurance system, the WSIB continued to invest in the alignment of the prevention system and to demonstrate its commitment to workplace health and safety.

Funding for the safe workplace associations, training centres and clinics was increased by $10 million, from $77 million in 2002 to $87 million in 2003. These organizations provide injury and illness prevention services to Ontario's workplaces.

Outlook

Following a careful review of the WSIB's funding strategy, and consultation with stakeholders, the 2004 average premium rate was set at $2.19 for every $100 of insurable earnings – the same as the average premium rate for 2003. The decision to keep the 2004 average premium rate at its 2003 level reflected stakeholders' preferences given the major economic factors facing employers in Ontario in mid-2003. The employer stakeholders, however, acknowledged the need to eliminate the unfunded liability by 2014 while not compromising service to injured workers.

The economy in Ontario is expected to improve in 2004, as insured payroll is expected to increase to $131,000 million (4.3 per cent higher than 2003, when it was $125,638 million) driven by increases in employment, average wages and average weekly hours worked. As a result, the 2004 premium revenue is expected to increase because of the growth in the insured payroll.

Looking ahead to 2004, North American economies are expected to improve. The strength of the Canadian dollar may continue to impact the export sector, as was already evident from this sector's disappointing results in 2003. At the start of 2004, equities appear to be priced on the high side of their historical norms, but interest rates remain close to their historical lows and, in part, support the prevailing equity pricing. Fixed-income investments are expected to generate modest returns due to widespread expectations that economic growth may result in higher interest rates on both sides of the border. However, some experts believe such an outcome is unlikely for the U.S., where the presidential election is approaching. Overall, analysts expect a modest year for securities markets in 2004.

In 2004, benefit payments to injured workers are expected to rise, primarily due to the growth in loss of earnings and health care benefits as well as payments to the external providers of labour market re-entry services. Furthermore, the 1.6 per cent year-over-year increase in the CPI, as of October 2003, will cause an increase in benefit costs because of their indexation.

Customer service, promotion of healthier and safer workplaces, recovery and return to work, continuous improvement, and financial integrity will continue to be emphasized in 2004.

BALANCE SHEET

AS OF DECEMBER 31

($ millions)	2003	2002
ASSETS		
Cash and cash equivalents	$ 452	$ 113
Receivables	653	526
Investments (note 3)	10,037	10,361
Injured Workers' Retirement Fund (note 4)	527	434
Property, plant, equipment and other assets (note 5)	178	181
	$ 11,847	$ 11,615
LIABILITIES		
Payables and accruals	$ 546	$ 380
Mortgage payable (note 6)	71	72
Injured Workers' Retirement Fund (note 4)	527	434
Employee benefit plans (note 7)	378	355
Benefit liabilities (note 8)	17,460	16,965
	18,982	18,206
UNFUNDED LIABILITY (note 9)	(7,135)	(6,591)
	$ 11,847	$ 11,615

On behalf of the Board of Directors:

Jill Hutcheon

Jill Hutcheon, Interim Chair

Director

John R. Gardner

John Gardner

Director

The accompanying notes form an integral part of the financial statements.

STATEMENT OF OPERATIONS & UNFUNDED LIABILITY

FOR THE YEARS ENDED DECEMBER 31

($ millions)	2003	2002
CURRENT OPERATIONS		
Revenues		
Premiums for the year	$ 2,068	$ 1,997
Investments (note 3)	456	246
	2,524	2,243
Expenses		
Benefit costs (note 8)	3,491	3,575
Injured Workers' Retirement Fund (note 4)	56	52
Administrative and other expenses (note 10)	210	240
Legislated obligations and commitments (note 11)	172	160
	3,929	4,027
Excess (deficiency) of revenues over expenses from current operations	(1,405)	(1,784)
Premiums for unfunded liability	861	902
Transfer of electrical utilities from Schedule 2	-	(52)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(544)	(934)
Unfunded liability, beginning of year	6,591	5,657
Unfunded liability, end of year (note 9)	$ 7,135	$ 6,591

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

($ millions)	2003	2002
OPERATING CASH FLOWS		
Cash received from:		
Premiums for the year	$ 2,099	$ 1,970
Premiums for unfunded liability	855	888
Investment income	316	337
	3,270	3,195
Cash paid to:		
Claimants, survivors and care providers	(2,700)	(2,609)
Injured Workers' Retirement Fund	(56)	(52)
Employees and suppliers for administrative goods and services	(476)	(472)
Legislated obligations and commitments	(160)	(162)
	(3,392)	(3,295)
Net cash required by operating activities	(122)	(100)
INVESTING CASH FLOWS		
Sale of investments	17,896	9,015
Purchase of investments	(17,435)	(8,809)
Net cash provided by investing activities	461	206
Increase in cash and cash equivalents	339	106
Cash and cash equivalents, beginning of year	113	7
Cash and cash equivalents, end of year	$ 452	$ 113

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2003

1. NATURE OF OPERATIONS

The Workplace Safety and Insurance Board (WSIB) is a statutory corporation created by an Act of the Ontario Legislature in 1914. The WSIB is responsible for administering the *Workplace Safety and Insurance Act, 1997*. The WSIB promotes the prevention of injuries and illnesses in Ontario workplaces and provides insurance benefits to workers who sustain injuries in the course of employment or contract occupational diseases. The WSIB also provides insurance benefits to most survivors of workers who die due to workplace injuries or illnesses, and assists the injured workers in early and safe return to work.

Employers covered by the *Workplace Safety and Insurance Act, 1997*, are divided into two groups, referred to as "Schedule 1" and "Schedule 2." Schedule 1 employers are insured under a "collective liability" system and are required to contribute to the WSIB Insurance Fund. Schedule 2 employers are "self-insured" and are individually liable for the full costs of their workers' claims. The WSIB pays insurance benefits for Schedule 2 workers and is reimbursed by their employers for the costs of the claims, including administrative costs, and for the cost of the WSIB's prevention activities.

The WSIB also administers the federal *Government Employees Compensation Act*. Under an agreement with Human Resources Development Canada, the federal government is treated like a Schedule 2 employer.

Revenue is raised through premiums, which are collected from all Schedule 1 employers covered under the *Workplace Safety and Insurance Act, 1997*. Revenue is also earned from a diversified investment portfolio held to meet future obligations on existing claims. Schedule 2 reimbursements also contribute to WSIB revenue. The WSIB receives no government funding or assistance.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the Schedule 1 and Schedule 2 accounts of the WSIB and its wholly owned subsidiaries. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

The significant accounting policies are summarized as follows:

Cash and cash equivalents

Cash and cash equivalents are funds consisting of cash and money-market instruments with initial maturities up to three months.

Investments

Investments comprise short-term securities, bonds, equities and real estate.

Carrying value

Short-term securities consist of money-market instruments with initial maturities of between three and 12 months and are carried at cost. Gains and losses from sales are included in income for the year in which they occur.

Bonds and coupons are carried at amortized cost. Realized gains and losses on the sale of bonds and coupons are deferred and amortized over either 20 years or the period to maturity of the security, whichever is the lesser.

Equities and real estate are carried at cost, adjusted towards fair value, using a five-year moving average market method. Realized gains and losses are deferred and amortized over a four-year period.

Fair value

The fair value of investments used are the year-end quoted prices, where available. Where quoted prices are not available, estimated fair values are calculated based upon the yields and values of comparable marketable securities.

Cash and cash equivalents denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect as of the balance sheet date.

The carrying value of short-term securities, treasury bills and term deposits maturing within a year, plus accrued interest income, approximates the fair value of these instruments.

The fair value of bonds and equities denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect as of the balance sheet date.

The fair value of real estate is based on appraised values conducted on a cyclical basis.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator. These values represent the WSIB's proportionate share of underlying net assets at fair values determined using closing market prices.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect as of the balance sheet date, with the exception of derivative contracts, which are carried at the exchange rate negotiated. Revenues and expenses are translated at exchange rates in effect on the transaction date. Realized and unrealized exchange gains and losses are included in income.

Derivative financial instruments

The WSIB is party to forward foreign exchange contracts. On inception, the carrying value of the receivables and payables resulting from these contracts is included in the carrying value of investments. At maturity, the realized gains and losses on forward foreign exchange contracts are deferred and amortized over a four-year period.

Fair value of other financial assets and liabilities

The carrying value of receivables and payables approximates their fair value because of the short-term nature of these instruments.

Injured Workers' Retirement Fund

The Injured Workers' Retirement Fund is invested in short-term securities, bonds, equities and a pooled fund. These investments are carried at fair value, as described above. Changes in fair value are included in investment income of the Injured Workers' Retirement Fund in the year in which they occur.

Property, plant, equipment and other assets

Property, plant, equipment and other assets are recorded at cost. The cost of buildings includes development, financing and other costs capitalized prior to the day they become fully operational. At this time, depreciation commences. Capital assets are depreciated using the straight-line method, at rates calculated to expense the cost of assets over their estimated useful lives. In the case of buildings, office equipment and computer equipment, useful lives are estimated at 20 years, five years and three years, respectively.

Premiums

In advance of the fiscal year, the WSIB determines the total amount of premiums to be paid by Schedule 1 employers and notifies them of their premium rates for the following year. Premium revenue is determined by applying premium rates to Schedule 1 employers' payrolls.

Premium rates include a component that is applied to reduce the unfunded liability.

Schedule 2 employers are individually liable to pay all insurance benefits with respect to their workers' claims. Reimbursements for claims paid and the cost of administering the claims are included in premium revenue.

Benefit liabilities

Benefit liabilities are determined annually through an actuarial valuation, which estimates the present value of future payments for loss of earnings, labour market re-entry, short- and long-term disability, health care, survivor benefits, retirement income benefits and claim administration costs. They represent a provision for future benefit payments and the future cost of administering claims incurred on or before December 31. The provision has been determined by estimating future benefit payments in accordance with the adjudication practices in effect on December 31 and relevant legislation.

The benefit liabilities do not include any provision for payment of Schedule 2 claims. The costs of these

claims are not considered WSIB liabilities because they are a liability of Schedule 2 employers.

Benefit liabilities do not include any provision for future claims relating to occupational diseases, or for injuries and illnesses that are not currently considered to be work-related.

3. INVESTMENTS AND INVESTMENT REVENUE

The carrying value of investments comprises:

($ millions)	2003	2002
Investments at cost	$9,948	$10,376
Adjustments towards fair value	286	265
Unamortized net gains realized on sale of investments	(244)	(328)
Accrued investment income	47	48
	$10,037	$10,361

Values of investments by category are as follows:

($ millions)	2003		2002	
	Carrying value	Fair value	Carrying value	Fair value
Fixed-income securities				
Bonds	$2,320	$2,829	$1,854	$2,374
	2,320	2,829	1,854	2,374
Equities				
Domestic	1,946	2,404	2,060	2,140
Foreign - U.S.	2,180	2,324	2,657	2,597
- Global	3,153	3,108	3,386	3,061
	7,279	7,836	8,103	7,798
Real estate	391	412	356	374
Accrued investment income	47	48	48	48
	$10,037	$11,125	$10,361	$10,594

Foreign currency risk

Foreign currency risk is the risk of loss due to adverse movements in foreign currency rates as compared to the Canadian dollar. From time to time, the WSIB uses foreign exchange contracts to hedge currency risk. Foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract's inception. The fair value of these financial instruments would change in response to changes in the underlying variables affecting the contracts, such as changes in the foreign exchange rates of the currencies involved in the contracts.

The notional amounts in foreign exchange contracts are the contractual amounts on which payments are made. These notional amounts have been converted into Canadian dollars at the contractual exchange rates in effect at the inception of the contracts. Outstanding contracts from 2003 mature in the first three months of 2004.

As of December 31, 2003, the notional value of outstanding foreign currency contracts was $1,256 million (2002: $243 million). Outstanding contracts in a favourable position had a fair value of $28 million (2002: $8 million) and those in an unfavourable position had a fair value of negative $3 million (2002: negative $7 million).

The fair value of the investment portfolio includes $5,380 million (2002: $5,631 million) of securities denominated in foreign currency.

Bonds by term to maturity as of December 31:

($ millions)	2003					2002
	Term to maturity					
	Up to 1 year	1-5 years	5 - 10 years	Over 10 years	Total	Total
Government bonds						
Carrying value	$1	$859	$573	$504	$1,937	$1,674
Fair value	$1	$879	$598	$533	$2,012	$1,758
Yield (%)*	2.8	5.1	5.5	5.8	5.4	4.4
Corporate bonds						
Carrying value	$3	$317	$249	$209	$778	$589
Fair value	$3	$328	$263	$223	$817	$616
Yield (%)*	2.7	3.8	5.1	5.9	4.8	5.2
Less: Unamortized gain					$395	$409
Total						
Carrying value	$4	$1,176	$822	$713	$2,320	$1,854
Fair value	$4	$1,207	$862	$756	$2,829	$2,374
Yield (%)*	2.7	4.7	5.4	5.8	5.2	4.6

*The average yield reflects the yield to maturity, which is the discount rate that makes the present value of future cash flows for each bond equal to its fair value as of December 31.

claims are not considered WSIB liabilities because they are a liability of Schedule 2 employers.

Benefit liabilities do not include any provision for future claims relating to occupational diseases, or for injuries and illnesses that are not currently considered to be work-related.

3. INVESTMENTS AND INVESTMENT REVENUE

The carrying value of investments comprises:

($ millions)	2003	2002
Investments at cost	$9,948	$10,376
Adjustments towards fair value	286	265
Unamortized net gains realized on sale of investments	(244)	(329)
Accrued investment income	47	48
	$10,037	$10,360

Values of investments by category are as follows:

($ millions)	2003		2002	
	Carrying value	Fair value	Carrying value	Fair value
Fixed-income securities				
Bonds	$2,320	$2,829	$1,854	$2,374
	2,320	2,829	1,854	2,374
Equities				
Domestic	1,946	2,404	2,060	2,640
Foreign - U.S.	2,180	2,324	2,657	2,697
Global	3,153	3,108	3,286	3,096
	7,279	7,836	8,003	7,793
Real estate	391	412	369	374
Accrued investment income	47	48	48	48
	$10,037	$11,025	$10,360	$10,564

Foreign currency risk

Foreign currency risk is the risk of loss due to adverse movements in foreign currency rates as compared to the Canadian dollar. From time to time, the WSIB uses foreign exchange contracts to hedge currency risk. Foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract's inception. The fair value of these financial instruments would change in response to changes in the underlying variables affecting the contracts, such as changes in the foreign exchange rates of the currencies involved in the contracts.

The notional amounts in foreign exchange contracts are the contractual amounts on which payments are made. These notional amounts have been converted into Canadian dollars at the contractual exchange rates in effect at the inception of the contracts. Outstanding contracts from 2003 mature in the first three months of 2004.

As of December 31, 2003, the notional value of outstanding foreign currency contracts was $1,256 million (2002: $243 million). Outstanding contracts in a favourable position had a fair value of $28 million (2002: $8 million) and those in an unfavourable position had a fair value of negative $3 million (2002: negative $7 million).

The fair value of the investment portfolio includes $5,480 million (2002: $5,651 million) of securities denominated in foreign currency.

Bonds by term to maturity as of December 31:

($ millions)	2003					2002
	Term to maturity					
	Up to 1 year	1-5 years	5 - 10 years	Over 10 years	Total	Total
Government bonds						
Carrying value	$1	$859	$575	$504	$1,937	$1,674
Fair value	$1	$879	$599	$523	$2,002	$1,758
Yield (%)*	2.8	5.1	5.5	5.8	5.4	4.4
Corporate bonds						
Carrying value	$3	$317	$249	$209	$778	$589
Fair value	$3	$328	$263	$223	$817	$616
Yield (%)*	2.7	3.8	5.1	5.9	4.8	5.2
Less: Unamortized gain					$396	$409
Total						
Carrying value	$4	$1,176	$822	$713	$2,320	$1,854
Fair value	$4	$1,207	$862	$736	$2,829	$2,374
Yield (%)*	2.7	4.7	5.4	5.8	5.2	4.6

*The average yield reflects the yield to maturity, which is the discount rate that makes the present value of future cash flows for each bond equal to its fair value as of December 31.

Revenue by category of investment is as follows:		
($ millions)	2003	2002
Short-term securities	$9	$4
Bonds	170	203
Equities and real estate	301	62
	480	269
Investment expenses	(24)	(23)
Investment revenue	$456	$246

Deferred net realized gains and unrealized net losses were amortized to investment revenue in the year as follows:		
($ millions)	2003	2002
Net realized gains (losses)	$129	$225
Net unrealized gains (losses)	21	(310)
	$150	$(85)

Securities lending

The WSIB earns additional income by participating in a securities-lending program. Securities it owns are loaned to others for a fee and are secured by high-quality collateral. The fair value of the collateral always exceeds the fair value of the securities loaned and the collateral is marked to market daily. The program is managed by a financial institution in Canada.

As of December 31, 2003, the fair value of securities on loan was $976 million (2002: $992 million).

4. INJURED WORKERS' RETIREMENT FUND

For injuries and illnesses that occurred prior to January 1, 1998, the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers.

Effective January 1, 1998, for claims incurred after December 31, 1997, for workers who have received loss of earnings benefits for 12 continuous months, the WSIB sets aside 5 per cent of their loss of earnings benefits for their retirement fund. Injured workers may choose to contribute a further 5 per cent from their loss of earnings benefits. These funds are segregated from the WSIB's Insurance Fund and are invested to provide retirement income benefits for injured workers.

The carrying value of the Fund as of December 31 is as follows:		
($ millions)	2003	2002
Cash and cash equivalents	$ 33	$ 29
Bonds	117	95
Equities	154	113
Investment in pooled fund	223	197
	$ 527	$ 434

The underlying securities in the pooled fund include fixed-income securities valued at $71 million (2002: $67 million), equities valued at $143 million (2002: $123 million) and money-market instruments valued at $9 million (2002: $7 million).

The change in net assets is as follows:		
($ millions)	2003	2002
Funds set aside under the Act	$58	$52
Investment income (loss)	52	(15)
Benefit costs paid	(15)	(15)
Increase in net assets	93	22
Net assets, beginning of year	434	412
Net assets, end of year	$527	$434

5. PROPERTY, PLANT, EQUIPMENT AND OTHER ASSETS

($ millions)	2003		2002
	Cost	Net Carrying Value	Net Carrying Value
Buildings and leasehold improvements	$221	$129	$137
Office equipment	110	5	7
Computer equipment	115	19	24
	446	153	168
Other assets	25	25	13
	$471	$178	$181

Depreciation expense in 2003 was $30 million (2002: $43 million).

6. MORTGAGE PAYABLE

The WSIB, through its wholly owned subsidiary 799549 Ontario Inc., is a 75 per cent participant in a co-ownership agreement for its head-office building at 200 Front Street West in Toronto. To fund part of the development and construction of the building, the WSIB entered into a long-term mortgage loan agreement in 1993. The mortgage loan is secured by the building, and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

The fair value of the mortgage payable as of December 31, 2003, was $74 million (2002: $80 million) with a book value of $71 million (2002: $72 million). The $7-million mortgage interest expense for the year was charged to occupancy costs (2002: $7 million).

7. EMPLOYEE BENEFIT PLANS

The WSIB has several benefit plans for eligible current and retired employees. The cost of employee benefit plans is recognized in the reporting period in which employees have provided service.

Pension and other benefit plans

The WSIB has two pension plans for its employees and employees of Safe Workplace Associations, the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan is a defined-benefit pension plan that provides for partially indexed pensions based on years of service and the best five consecutive years' average earnings in the past 10 years. The WSIB Employee's Supplementary Pension Plan ensures that employees of the WSIB and Safe Workplace Associations whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the *Federal Income Tax Act* will receive pension benefits based on their total earnings.

The investment activities and the administrative and accounting functions of the pension plans are administered by the WSIB. The accrued pension obligations of the plans reflect management's estimates of salary escalation, investment rate of return, mortality of members, terminations and ages at which members will retire.

Other benefits include medical, dental and life insurance, accrued vacation and short-term salary protection to cover periods of illness and other absences, as well as the costs of insurance benefits provided to employees who sustain injuries in the course of employment.

Information about the WSIB's defined-benefit pension plans and other benefit plans in aggregate is as follows:

($ millions)	Employees' Pension Plan		Employees' Supplementary Pension Plan		Other benefit plans		Total plans	
	2003	2002	2003	2002	2003	2002	2003	2002
ACCRUED BENEFIT OBLIGATION								
Beginning of year	$1,042.6	$1,057.0	$10.9	$10.3	$316.5	$293.8	$1,370.0	$1,361.1
Current service cost	43.5	54.6	0.4	0.5	4.1	3.5	48.0	58.6
Interest cost	70.8	74.7	0.8	0.8	14.7	13.3	86.3	88.8
Benefits paid	(37.9)	(35.4)	(0.2)	(0.1)	(5.2)	(4.7)	(43.3)	(40.2)
Employee past service contributions	2.5	1.8	-	-	-	-	2.5	1.8
Employee current service contributions	3.6	-	0.3	0.3	-	-	3.9	0.3
Past service benefit cost	2.2	11.7	-	-	-	-	2.2	11.7
Actuarial (gain) loss	86.5	(121.8)	1.7	(0.9)	27.8	21.8	116.0	(100.9)
Actuarial adjustment	-	-	-	-	-	(1.2)	-	(1.2)
End of year	1,213.8	1,042.6	13.9	10.9	357.9	316.5	1,585.6	1,370.0
PLAN ASSETS								
Fair value at beginning of year	1,056.2	1,147.1	1.6	1.2	-	-	1,057.8	1,148.3
Actual return on plan assets	148.0	(57.5)	-	-	-	-	148.0	(57.5)
Employer contributions	24.1	-	0.3	0.2	5.2	4.7	29.6	4.9
Employee current service contributions	3.6	-	0.3	0.3	-	-	3.9	0.3
Employee past service contributions	2.5	2.0	-	-	-	-	2.5	2.0
Benefits paid	(37.9)	(35.4)	(0.2)	(0.1)	(5.2)	(4.7)	(43.3)	(40.2)
Fair value at end of year	1,196.5	1,056.2	2.0	1.6	-	-	1,198.5	1,057.8
FUNDED STATUS								
Funded status, plan surplus (deficit)	(17.3)	13.6	(11.9)	(9.3)	(357.9)	(316.5)	(387.1)	(312.2)
Unamortized net actuarial (gain) loss	82.4	64.9	(0.1)	(1.9)	(1.7)	(24.7)	80.6	38.3
Unamortized past service costs	15.0	13.8	-	-	26.4	27.8	41.4	41.6
Unamortized transitional obligation	(117.9)	(129.7)	5.0	5.6	-	-	(112.9)	(124.1)
Accrued benefit asset (liability)	(37.8)	(37.4)	(7.0)	(5.6)	(333.2)	(312.4)	(378.0)	(356.4)
Accrued benefit obligation, end of year	1,213.8	1,042.6	13.9	10.9	357.9	316.5	1,585.6	1,370.0
Fair value of plan assets, end of year	1,196.5	1,056.2	2.0	1.6	-	-	1,198.5	1,057.8
Funded status, plan surplus (deficit)	(17.3)	13.6	(11.9)	(9.3)	(357.9)	(316.5)	(387.1)	(312.2)
NET BENEFIT PLAN EXPENSE								
Current service cost	43.5	54.6	0.4	0.5	4.1	3.5	48.0	58.6
Interest cost	70.8	74.7	0.8	0.8	14.7	13.3	86.3	88.8
Expected return on plan assets	(79.0)	(85.5)	(0.1)	-	-	-	(79.1)	(85.5)
Amortization of past service costs	1.0	0.2	-	-	2.4	2.5	3.4	2.7
Amortization of transitional obligation	(11.8)	(11.8)	0.5	0.5	-	-	(11.3)	(11.3)
Amortization of net loss (gain)	-	-	(0.1)	-	4.7	2.1	4.6	2.1
Net benefit plan expense	$24.5	$32.2	$1.5	$1.8	$25.9	$21.4	$51.9	$55.4

Revenue by category of investment is as follows:		
($ millions)	2003	2002
Short-term securities	$9	$4
Bonds	170	203
Equities and real estate	301	62
	480	269
Investment expenses	(74)	(23)
Investment revenue	$406	$246

Deferred net realized gains and unrealized net losses were amortized to investment revenue in the year as follows:		
($ millions)	2003	2002
Net realized gains (losses)	$129	$225
Net unrealized gains (losses)	21	(310)
	$150	$(85)

Securities lending

The WSIB earns additional income by participating in a securities-lending program. Securities it owns are loaned to others for a fee and are secured by high-quality collateral. The fair value of the collateral always exceeds the fair value of the securities loaned and the collateral is marked to market daily. The program is managed by a financial institution in Canada.

As of December 31, 2003, the fair value of securities on loan was $970 million (2002: $992 million).

4. INJURED WORKERS' RETIREMENT FUND

For injuries and illnesses that occurred prior to January 1, 1998, the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers.

Effective January 1, 1998, for claims incurred after December 31, 1997, for workers who have received loss of earnings benefits for 12 continuous months, the WSIB sets aside 5 per cent of their loss of earnings benefits for their retirement fund. Injured workers may choose to contribute a further 5 per cent from their loss of earnings benefits. These funds are segregated from the WSIB's Insurance Fund and are invested to provide retirement income benefits for injured workers.

The carrying value of the Fund as of December 31 is as follows:		
($ millions)	2003	2002
Cash and cash equivalents	$ 33	$ 29
Bonds	117	95
Equities	154	113
Investment in pooled fund	223	197
	$ 527	$ 434

The underlying securities in the pooled fund include fixed-income securities valued at $71 million (2002: $67 million), equities valued at $143 million (2002: $123 million) and money-market instruments valued at $9 million (2002: $7 million).

The change in net assets is as follows:		
($ millions)	2003	2002
Funds set aside under the Act	$66	$52
Investment income (loss)	52	(15)
Benefit costs paid	(15)	(15)
Increase in net assets	93	22
Net assets, beginning of year	434	412
Net assets, end of year	$527	$434

5. PROPERTY, PLANT, EQUIPMENT AND OTHER ASSETS

($ millions)	2003		2002
	Cost	Net Carrying Value	Net Carrying Value
Buildings and leasehold improvements	$221	$129	$137
Office equipment	110	5	7
Computer equipment	115	19	24
	446	153	168
Other assets	25	25	13
	$471	$178	$181

Depreciation expense in 2003 was $30 million (2002: $13 million).

6. MORTGAGE PAYABLE

The WSIB, through its wholly owned subsidiary 799549 Ontario Inc., is a 75 per cent participant in a co-ownership agreement for its head-office building at 200 Front Street West in Toronto. To fund part of the development and construction of the building, the WSIB entered into a long-term mortgage loan agreement in 1995. The mortgage loan is secured by the building, and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

The fair value of the mortgage payable as of December 31, 2003, was $74 million (2002: $80 million) with a book value of $71 million (2002: $72 million). The $7-million mortgage interest expense for the year was charged to occupancy costs (2002: $7 million).

7. EMPLOYEE BENEFIT PLANS

The WSIB has several benefit plans for eligible current and retired employees. The cost of employee benefit plans is recognized in the reporting period in which employees have provided service.

Pension and other benefit plans

The WSIB has two pension plans for its employees and employees of Safe Workplace Associations, the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan is a defined-benefit pension plan that provides for partially indexed pensions based on years of service and the best five consecutive years' average earnings in the past 10 years. The WSIB Employee's Supplementary Pension Plan ensures that employees of the WSIB and Safe Workplace Associations whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the *Federal Income Tax Act* will receive pension benefits based on their total earnings.

The investment activities and the administrative and accounting functions of the pension plans are administered by the WSIB. The accrued pension obligations of the plans reflect management's estimates of salary escalation, investment rate of return, mortality of members, terminations and ages at which members will retire.

Other benefits include medical, dental and life insurance, accrued vacation and short-term salary protection to cover periods of illness and other absences, as well as the costs of insurance benefits provided to employees who sustain injuries in the course of employment.

Information about the WSIB's defined-benefit pension plans and other benefit plans in aggregate is as follows:

($ millions)	Employees' Pension Plan		Employees' Supplementary Pension Plan		Other benefit plans		Total plans	
	2003	2002	2003	2002	2003	2002	2003	2002
ACCRUED BENEFIT OBLIGATION								
Beginning of year	$1,042.6	$1,057.0	$10.9	$10.3	$316.5	$283.8	$1,370.0	$1,351.1
Current service cost	43.9	54.9	0.4	0.5	4.1	3.5	48.0	58.6
Interest cost	70.8	74.7	0.8	0.8	14.7	13.3	86.3	88.8
Benefits paid	(37.9)	(36.4)	(0.2)	(0.1)	(5.2)	(4.7)	(43.3)	(41.2)
Employee past service contributions	2.5	1.8	–	–	–	–	2.5	1.8
Employer current service contributions	3.6	–	0.3	0.3	–	–	3.9	0.3
Past service benefit cost	2.2	11.7	–	–	–	–	2.2	11.7
Actuarial (gain) loss	86.5	(121.8)	1.7	(0.9)	27.8	21.8	116.0	(100.9)
Actuarial adjustment	–	–	–	–	–	(1.2)	–	(1.2)
End of year	1,213.8	1,042.6	13.9	10.9	357.9	316.5	1,585.6	1,370.0
PLAN ASSETS								
Fair value at beginning of year	1,066.2	1,147.1	1.6	1.2	–	–	1,067.8	1,148.3
Actual return on plan assets	148.0	(57.5)	–	–	–	–	148.0	(57.5)
Employer contributions	24.1	–	0.3	0.2	5.2	4.7	29.6	4.9
Employee current service contributions	3.6	–	0.3	0.3	–	–	3.9	0.3
Employee past service contributions	2.5	2.0	–	–	–	–	2.5	2.0
Benefits paid	(37.9)	(36.4)	(0.2)	(0.1)	(5.2)	(4.7)	(43.3)	(41.2)
Fair value at end of year	1,196.5	1,056.2	2.0	1.6	–	–	1,198.5	1,057.8
FUNDED STATUS								
Funded status, plan surplus (deficit)	(17.3)	13.6	(11.9)	(9.3)	(357.9)	(316.5)	(387.1)	(312.2)
Unamortized net actuarial (gain) loss	82.4	64.9	(0.1)	(0.9)	(1.7)	(24.7)	80.6	39.3
Unamortized past service costs	15.0	13.8	–	–	26.4	28.8	41.4	42.6
Unamortized transitional obligation	(117.9)	(129.7)	5.0	5.6	–	–	(112.9)	(124.1)
Accrued benefit asset (liability)	(37.8)	(37.4)	(7.0)	(5.6)	(333.2)	(312.4)	(378.0)	(356.4)
Accrued benefit obligation, end of year	1,213.8	1,042.6	13.9	10.9	357.9	316.5	1,585.6	1,370.0
Fair value of plan assets, end of year	1,196.5	1,056.2	2.0	1.6	–	–	1,198.5	1,057.8
Funded status, plan surplus (deficit)	(17.3)	13.6	(11.9)	(9.3)	(357.9)	(316.5)	(387.1)	(312.2)
NET BENEFIT PLAN EXPENSE								
Current service cost	43.5	54.6	0.4	0.5	4.1	3.5	48.0	58.6
Interest cost	70.8	74.7	0.8	0.8	14.7	13.3	86.3	88.8
Expected return on plan assets	(79.0)	(85.5)	(0.1)	–	–	–	(79.1)	(85.5)
Amortization of past service costs	1.0	0.2	–	–	2.4	2.5	3.4	2.7
Amortization of transitional obligation	(11.8)	(11.8)	0.5	0.5	–	–	(11.3)	(11.3)
Amortization of net loss (gain)	–	–	(0.1)	–	4.7	2.1	4.6	2.1
Net benefit plan expense	$24.5	$32.2	$1.5	$1.8	$25.9	$21.4	$51.9	$55.4

The significant actuarial assumptions adopted as of December 31 to value the Employees' Pension Plan, the Employees' Supplementary Pension Plan and other benefit plans are as follows:

	Employees' Pension Plan		Employees' Supplementary Pension Plan		Other benefit plans	
	2003	2002	2003	2002	2003	2002
Discount rate	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Expected long-term rate of return on plan assets	7.0%	7.0%	3.5%	3.5%	-	-
Rate of compensation escalation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Medical cost escalation	-	-	-	-	7.0%	7.0%
Dental cost escalation	-	-	-	-	4.0%	4.0%
Average remaining service period (years)	14	14	14	14	14	14

8. BENEFIT LIABILITIES AND BENEFIT COSTS

Benefit liabilities represent an actuarially determined provision for future benefit payments relating to incurred claims and the expense of administering those benefits, and are discounted to present value at the assumed net investment returns shown below. Estimates of future benefit payments apply to both reported and unreported claims resulting from injuries and illnesses that occurred on or before December 31, 2003. They are based on the level and nature of entitlement, and adjudication practices in effect on December 31, 2003. The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments depends on economic and actuarial assumptions that are based on past experience, modified for current trends. These assumptions may change over time to reflect underlying conditions, and it is possible that such changes could cause a material change in the actuarial present value of future benefit payments. The following key long-term economic assumptions were used in the actuarial valuation of the benefit liabilities:

	2003	2002
Inflation rate	3.0%	3.0%
Investment rate of return	7.0%	7.0%
Rate of indexation of benefits		
Fully indexed	3.0%	3.0%
Partially indexed	0.5%	0.5%
Investment return, net of indexation		
Fully indexed	4.0%	4.0%
Partially indexed	6.5%	6.5%
Wage escalation rate	4.0%	4.0%
Health care costs escalation rate	6.5%	6.5%

Mortality estimates are based on WSIB injured-worker mortality experience from 1996 to 2000, adjusted for mortality improvements to 2003 and for survivors of deceased workers, the 1995-1997 Ontario Life Tables, adjusted for mortality improvements to 2003. Provisions have been made for the effect of future increases in the covered earnings ceiling and indexation of benefits.

Management believes that the valuation methods and assumptions are, in aggregate, appropriate for the valuation. Long-term economic and actuarial assumptions and methods are reviewed annually as of December 31, when an independent actuarial valuation is performed. The first loss of earnings claims under Bill 99, which became effective January 1, 1998, are now approaching their first final 72-month review. A detailed review of this benefit and the underlying assumptions used in the valuation is planned for 2004.

The change in present value of future benefit payments for reported and unreported work-related injuries and illnesses is recorded as benefit cost. Any adjustments resulting from the continuous review of entitlements and experience, or from changes in legislation, assumptions or methods, are also included as benefit costs.

The benefit liabilities include a provision of $831 million (2002: $808 million) for future costs of administering existing claims. Administrative and other expenses have been reduced by $291 million (2002: $284 million). This amount was released from the provision for benefit liabilities relating to claims administration expense in the current year.

Benefit liabilities provision and benefit costs paid were as follows:

($ millions)	2003								2002
		Labour market re-entry							
	Loss of earnings	Income support	External providers	Short- and long-term disability	Health care	Survivor benefits	Claim administration costs	Total	Total
Benefit liabilities, beginning of year	$1,600	$156	$273	$10,479	$2,052	$1,597	$808	$16,965	$16,130
Transfer of electrical utilities from Schedule 2	-	-	-	-	-	-	-	-	143
Benefit costs	934	-	610	1,222	628	173	264	3,481	3,575
Benefit costs paid during the year									
Schedule 1	(562)	(44)	(106)	(1,282)	(350)	(133)	(294)	(2,768)	(2,686)
Schedule 2	(65)	(3)	(4)	(106)	(36)	(14)	-	(228)	(217)
	(627)	(47)	(110)	(1,388)	(386)	(147)	(294)	(2,996)	(2,883)
Change in benefit liabilities	367	(47)	50	(166)	242	26	(30)	485	835
Benefit liabilities, end of year	$1,967	$109	$323	$10,313	$2,294	$1,623	$838	$17,460	$16,965

9. ACTUARIAL RECONCILIATION OF THE CHANGE IN THE UNFUNDED LIABILITY

The actuarial reconciliation of the change in the unfunded liability is as follows:

($ millions)	2003	2002
Unfunded liability, beginning of year	$6,598	$5,857
Add (deduct):		
Transfer of electrical utilities from Schedule 2	-	52
Investment income not earned due to shortfall in invested assets	464	388
Premiums allocated to reduction of unfunded liability	(961)	(902)
Experience (gains) losses resulting from:		
Indexation of benefits less than expected	(16)	10
Lower (higher) than expected investment returns	321	531
Prior and current years' claims experience	165	65
Changes in assumptions:		
Mortality	146	-
NEL benefits	64	-
Long-term loss of earnings	47	-
Health care benefits	271	586
Long-term disability	14	52
External agency rehabilitation payments	57	117
Other changes	(28)	95
Unfunded liability, end of year	$7,135	$ 6,581

10. ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses consist of the following:

($ millions)	2003	2002
Salaries and employee benefits	$335	$330
Equipment depreciation and maintenance	40	53
Occupancy	44	40
Communication	12	16
Supplies and services	28	30
Travel and vehicle maintenance	6	8
New systems development and integration	26	44
Other	17	12
	508	524
Claims administration costs (note 9)	(298)	(284)
	$210	$240

Benefit liabilities provision and benefit costs paid were as follows:

($ millions)	2003								2002
		Labour market re-entry							
	Loss of earnings	Income support	External providers	Short- and long-term disability	Health care	Survivor benefits	Claim administration costs	Total	Total
Benefit liabilities, beginning of year	$1,600	$156	$273	$10,479	$2,052	$1,597	$808	$16,965	$16,130
Transfer of electrical utilities from Schedule 2	-	-	-	-	-	-	-	-	143
Benefit costs	994	-	160	1,222	628	173	314	3,491	3,575
Benefit costs paid during the year									
Schedule 1	(562)	(44)	(106)	(1,282)	(350)	(133)	(291)	(2,768)	(2,666)
Schedule 2	(65)	(3)	(4)	(106)	(36)	(14)	-	(228)	(217)
	(627)	(47)	(110)	(1,388)	(386)	(147)	(291)	(2,996)	(2,883)
Change in benefit liabilities	367	(47)	50	(166)	242	26	23	495	835
Benefit liabilities, end of year	$1,967	$109	$323	$10,313	$2,294	$1,623	$831	$17,460	$16,965

9. ACTUARIAL RECONCILIATION OF THE CHANGE IN THE UNFUNDED LIABILITY

The actuarial reconciliation of the change in the unfunded liability is as follows:

($ millions)	2003	2002
Unfunded liability, beginning of year	$6,591	$5,657
Add (deduct):		
Transfer of electrical utilities from Schedule 2	-	52
Investment income not earned due to shortfall in invested assets	464	398
Premiums allocated to reduction of unfunded liability	(861)	(902)
Experience (gains)/losses resulting from:		
Indexation of benefits less than expected	(116)	10
Lower (higher) than expected investment returns	321	531
Prior and current years' claims experience	165	65
Changes in assumptions:		
Mortality	146	-
NEL benefits	64	
Long-term loss of earnings	47	
Health care benefits	271	566
Long-term disability	14	52
External agency rehabilitation payments	57	67
Other changes	(28)	95
Unfunded liability, end of year	$7,135	$ 6,591

10. ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses consist of the following:

($ millions)	2003	2002
Salaries and employee benefits	$335	$331
Equipment depreciation and maintenance	40	53
Occupancy	44	40
Communication	12	16
Supplies and services	21	20
Travel and vehicle maintenance	6	8
New systems development and integration	26	44
Other	17	12
	501	524
Claims administration costs (note 8)	(291)	(284)
	$210	$240

11. RELATED-PARTY TRANSACTIONS

Legislated obligations and commitments

Under the *Workplace Safety and Insurance Act, 1997* and as directed by the Lieutenant Governor through Orders in Council, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act*. The WSIB is also required to fund the Workplace Safety and Insurance Appeals Tribunal (WSIAT), and the Offices of the Worker and Employer Adviser. These reimbursements and funding amounts are determined and approved by the Minister of Labour. The WSIB is also committed to providing funding for the Institute for Work and Health, Safe Workplace Associations, clinics and training centres.

The total amount of funding provided under these legislated obligations and commitments in 2003 was $172 million (2002: $160 million).

Investments

Included in investments are marketable fixed-income securities issued by the Ontario provincial government and related corporations valued at $262 million (2002: $222 million).

Other

In addition to legislated obligations and workplace health and safety expenses, the financial statements include amounts resulting from transactions conducted in the normal course of operations with various Ontario government-controlled ministries, agencies and Crown corporations. Such transactions are conducted on terms and conditions similar to those that apply to transactions with unrelated parties. Account balances resulting from these transactions are not significant.

12. COMMITMENTS AND CONTINGENCIES

Operating leases

As of December 31, 2003, the WSIB was committed under non-cancellable operating leases requiring future minimum payments of approximately $16 million per year over the next five years, and $26 million in aggregate thereafter.

Legal actions

The WSIB is party to various claims and lawsuits that are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on WSIB expenses or financial position.

Bank line of credit

The WSIB maintains an unsecured $150-million line of credit with a commercial bank.

13. COMPARATIVE FIGURES

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements were prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied, and include amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the annual report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, internal auditors and external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WSIB's internal controls, practices and procedures.

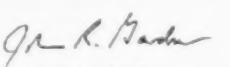
Role of the Actuary

With respect to the preparation of these financial statements, management prepares a valuation, including the selection of appropriate assumptions, of the Board's benefit liabilities as of the balance sheet date. With respect to the preparation of these financial statements, Eckler Partners Ltd. carries out a review of management's valuation of the benefit liabilities and provides an opinion to the Board of Directors regarding the appropriateness of the benefit liabilities recorded by management of the Board as of the balance sheet date. The work to form that opinion includes an examination of the sufficiency and reliability of data, and a review of the valuation process used by management. The independent actuary is responsible for assessing whether the assumptions and methods used for the valuation of the benefit liabilities are in accordance with accepted actuarial practices, applicable legislation and associated regulations and directives. In performing the review of these liabilities determined by management, which are by their very nature inherently variable, the actuary makes assumptions as to future interest and mortality rates, expenses, related trends and other contingencies, taking into consideration the circumstances of the Board. It is certain that the benefit liabilities will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for new claim categories not sufficiently recognized in the claims database.

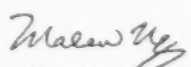
Management is responsible for the accuracy and completeness of the underlying data used in the valuation. The actuary's report outlines the scope of the review and the opinion.

Role of the Auditor

The external auditors, KPMG LLP, working under the direction of the Provincial Auditor, have performed an independent and objective audit of the financial statements of the WSIB in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the auditors make use of the work of the independent actuary and its report on the benefit liabilities of the Board. The auditors have full and unrestricted access to the Board of Directors and the Audit Committee to discuss audit, financial reporting and related findings. The auditors' report outlines the scope of their audit and their opinion on the financial statements of the WSIB.



John Gardner
Director
March 12, 2004



Malen Ng
Chief Financial Officer

AUDITORS' REPORT

To the Workplace Safety and Insurance Board,
the Minister of Labour
and to the Provincial Auditor

Pursuant to the *Workplace Safety and Insurance Act,* which provides that the accounts of the Workplace Safety and Insurance Board ("WSIB") shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WSIB as at December 31, 2003, and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WSIB management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WSIB as at December 31, 2003, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Toronto, Canada
March 12, 2004

CONSULTING ACTUARIES' REPORT

Consulting actuaries' report on the valuation of the benefits liabilities of the Schedule 1 Insurance Fund of the Workplace Safety and Insurance Board of Ontario as at December 31, 2003

Eckler Partners Ltd.

We have determined the estimated present value as at December 31, 2003, of future payments for loss of earnings, labour market re-entry, short- and long-term disability, health care, survivor benefits, retirement income benefits and claims administration costs under Schedule 1 on account of accidents that occurred on or before that date to be $17,460 million. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the WSIB's financial statements. We consulted with the Chief Actuary in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to occupational disease.

The valuation was based on the provisions of the *Workplace Safety and Insurance Act* and on the WSIB's administrative practices in effect as of January 1, 2004. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the Act by using an investment return assumption (net of indexation) of 4% per annum with respect to fully indexed benefits and 6.5% per annum with respect to partially indexed benefits.

Based on a review of emerging experience, the assumed number of claimants becoming eligible for compensation for Non-Economic Loss under Section 42 was increased, as was the assumed average percentage of permanent impairment of such workers. In addition, the assumed proportion of Loss of Earnings awards at 100% wage loss was increased. Both of these changes result in an increase in liabilities.

In this valuation the assumption regarding injured worker mortality has been updated from the WSIB 1991-1995 table to the newly developed WSIB 1996-2000 mortality table, adjusted for mortality improvement to 2003. The new table was developed by the WSIB's Actuarial Services Division in 2003. In addition, the assumption for mortality rates for surviving spouses was updated to the 1995-1997 Ontario Life table prepared by Statistics Canada, adjusted for mortality improvement to 2003. Overall, the change in mortality tables results in an increase in liabilities.

Except as described above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of $17,460 million as at December 31, 2003 makes reasonable provision for future payments for loss of earnings, labour market re-entry, short- and long-term disability, health care, survivor benefits, retirement income benefits and claims administration costs under Schedule 1 on account of accidents that occurred on or before December 31, 2003.

We hereby confirm, with respect to this valuation, that:

1. the data on which the valuation is based is sufficient and reliable for the purpose of the valuation;
2. the assumptions, in aggregate, are appropriate for the purposes of the valuation;
3. the methods employed in the valuation are appropriate for the purposes of the valuation;
4. this report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

David A. Short, F.S.A., F.C.I.A. Jill M. Wagman, F.S.A., F.C.I.A.
Actuaries with the firm of Eckler Partners Ltd.
March 12, 2004

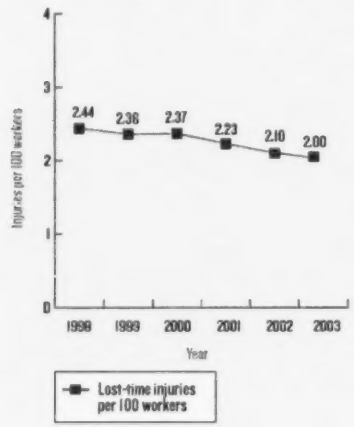
OUTCOMES AND MEASURES

There have been many new products and services, improved ways of doing business and an increased focus on service for both workers and employers at the WSIB. A corporate outcomes, measures and targets initiative has helped the WSIB to monitor its progress and stay focused on three imperatives:

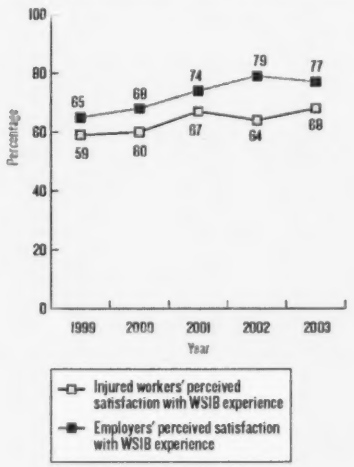
- Making Ontario workplaces among the safest in the world
- Providing quality service that meets the needs of workers and employers
- Ensuring the financial security of the workplace safety and insurance system

The charts below measure the WSIB's progress against each of these imperatives.

Measure: Lost-time injury rate

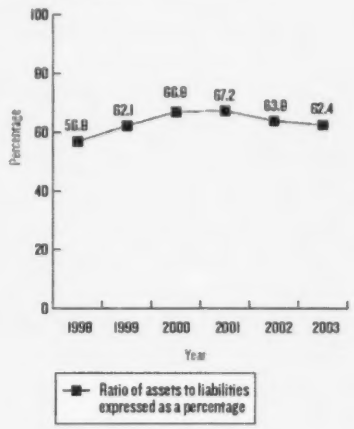


Measure: Perceived overall satisfaction with WSIB service *



* Ipsos Reid survey data

Measure: Funding ratio



PUBLIC SECTOR SALARY DISCLOSURE

WSIB employees earning over $100,000 per annum

Name	Position	Earnings	Taxable Benefits	Total Earnings
Abass, Shazam T	Architect	$100,969	$209	$101,178
Abrams, Brenda E.	General Counsel	$129,177	$348	$129,373
Achar, Ramesh Aedra	Medical Consultant	$121,503	-	$121,503
Adams, Valerie	VP, Information Services and CIO	$212,087	$333	$212,419
Ah-Yeng, Georges	Director Financial Planning and Analysis	$111,952	$226	$112,178
Allingham, Richard	Director, Research and Evaluation	$120,398	$250	$120,648
Angove, Linda	VP, Corporate Strategy & Corporate Secretary	$159,227	$276	$159,503
Argue, Robert	Director, Applications Development	$115,244	$239	$115,483
Armstrong, Masha	Medical Consultant	$133,085	$273	$133,358
Arntzen, J.	Medical Consultant	$137,105	$273	$137,378
Bain, Donna	Executive Director, Health Services Management	$148,773	$279	$147,052
Belanger, Adele Marie	Legal Counsel	$111,913	$332	$112,245
Bell, Susan	Director, Central Claims Processing	$119,234	$238	$119,472
Bennett, John	Director, Services Sector	$109,808	$228	$110,036
Bernard, Anne	VP, Human Resources	$131,952	$221	$137,173
Bishop, M.	Medical Consultant	$141,852	$273	$141,525
Boland, John	Assistant Director, Industry Sector/ Small Business	$100,089	$291	$100,870
Bridge, Margaret	Medical Consultant	$132,078	$271	$132,349
Brown, Elizabeth	Legal Counsel	$114,268	$242	$114,530
Burton, Neil	Director, Client Server Development	$125,503	$259	$125,834
Campbell, Clark	Director, Municipal Education & Electrical Unions	$110,994	$231	$111,225
Cantin, George	Medical Consultant	$133,085	$273	$133,358
Clair, Marybelle	Medical Consultant	$139,636	$273	$139,909
Chan, Thomas	VP, Finance & Corp. Services & CFO	$240,589	$339	$240,928
Chan, Cathy	Senior Specialist Database	$120,897	$176	$121,073
Chin, Charmaine	Director, Central Claims Processing	$103,299	$215	$103,514
Cleary, Florene	Director, Pre-1990 Claims	$110,032	$241	$110,273
Cade, Beverley	Director, Technology Services	$113,144	$117	$113,219
David, Lawrence	Medical Consultant	$133,085	$273	$133,358
Da Dauseca, Ivan J.	Medical Consultant	$133,801	$273	$134,074
De Lee, Hal	Director, Ontario Occupational Health Services Network	$101,408	-	$101,408
Deslauriers, Jean	Medical Consultant	$134,585	$273	$134,858
Dyan, P. A.	Medical Consultant	$105,423	–	$105,423
Dorcas, Dow	Medical Consultant	$130,985	-	$130,985
Dudley, John	Associate Director/Physician	$143,018	$290	$143,471
Falany, Nadia	Director, Administrative Services	$123,815	$244	$124,137
Field, Paul	Director, Small Business	$108,543	$226	$108,709
Forsyth-Perez, Deborah	Director, Systems Collections	$104,957	$219	$105,176
Forth, Kenneth	Director, Agriculture	$100,155	$225	$100,380
Fortin, Claire Marie	Director, Medical Occupational Disease Policy	$101,511	$228	$108,819
Galvey, Kathleen	Director, Business Operations Audit	$103,030	$312	$103,250
Garg, S. K.	Medical Consultant	$133,085	$273	$133,358
Geary, Judy	GM, Central Claims Processing & Special Claim Services	$159,024	$310	$159,341
Gerrowsky, Morris	Medical Consultant	$133,085	$273	$133,358

Name	Position	Earnings	Taxable Benefits	Total Earnings
Gibbs, Henry	VP Investments	$ 219,419	$447	$219,866
Hadjioti, Anna	Medical Consultant	$120,055	$262	$120,317
Hall, Rob M.	Director, Automotive Sector	$113,295	$225	$113,500
Hawkins, Adam J.	Director, Realty Investments	$145,500	$243	$145,754
Heckadon, Robert	Associate Director/Physician	$102,559	-	$102,559
Hemingway, Michael	Director, Small Business	$108,543	$226	$108,769
Hickman, Robert	Medical Consultant	$133,085	$273	$133,358
Higgins, Jodi	Director, Small Business	$119,682	$239	$119,921
Hikel, Ken	Acting Chair	$110,577	$160	$110,737
Hiscocks, Robert	VP & Chief Actuary	$237,470	$430	$237,900
Holyoke, Paul	General Counsel	$191,583	$253	$191,836
Hunsinger, Brock C.	Chief Operations Officer	$240,954	$498	$241,452
Hussain, Andrew	Director, Technology Services	$101,957	$201	$102,158
Jackson, Steven	VP, Human Resources	$220,838	$225	$221,063
Johnston, Michael Bruce	Director, Prosecutions	$111,980	$233	$112,229
Jolley, Linda	VP, Policy and Research	$130,227	$172	$130,399
Jones, Derek	Medical Consultant	$130,548	$273	$130,820
Kanjeer, Andrew D.	Medical Consultant	$132,085	$273	$133,358
Kelly, J. Brian	Associate Director/Physician	$150,782	$302	$151,084
Kelly, Linda	Director, Specialist & Advisory Services	$112,952	$218	$113,170
Kempner, Geoff	Director, Manufacturing Sector	$113,715	$226	$113,941
Kerr, Fergus	Director, Mining Sector	$113,223	$235	$113,458
Khan, Amer	Senior Specialist Technology	$101,153	$167	$101,320
Kosmidis, Elizabeth	Legal Counsel	$115,323	$239	$115,562
Kusumo, Fenton	Board Auditor	$219,102	$312	$100,244
Kulynych, Heidi	Director, Corp. Exec. Office	$105,077	$275	$105,352
Kwong, Paul	Project Director	$126,080	$240	$126,300
Lamarre, Pat	Director, Small Business	$101,799	$247	$120,046
Lamoureux, Linda	VP, Regulatory Services Division	$150,200	$190	$150,402
Lau, Robert Hing	Director, Financial Services	$100,210	$228	$100,438
Leshchyshyn, Dena	Director, Construction Sector	$123,130	$254	$123,384
Levinsky, Marianne	Director, Best Practices	$110,309	$229	$110,538
Lewis, Owen	Director, Applications Development	$101,178	$295	$101,482
Lindry, David	Director, Client Server Development	$121,145	$242	$121,387
Lovelock, Ronald	Director, Prevention Services	$111,528	$228	$111,757
Luck, Mary	Director, Services Sector	$100,340	$225	$100,565
Maahs, Waldemar	Medical Consultant	$133,085	$273	$133,358
Macnab, Arcangelo	Medical Consultant	$132,085	$273	$132,358
Mahdon, Roberta	Director, Revenue Audit Services	$114,108	$230	$114,344
McCarthy, Jane	VP, Health Services	$202,400	$320	$102,790
McCleave, Dave	Director, Small Business	$112,035	$230	$112,005
McIntosh-Jacob, Faye	Director, Occupational Disease and Survivor Benefits	$105,003	$219	$100,022
McKenna-Doel, Patricia	Associate Director/Physician	$137,227	$218	$137,508
McKenna, Erin	Director SIPP & Specialty Projects	$102,427	$218	$103,643
McLean, Ian	Executive Director, Special Projects	$100,837	$112	$100,949
McLean, Katherine	Customer Relationship Manager	$100,906	$200	$101,174
McMurrin, Robert	Treasurer	$117,028	$243	$117,271

Name	Position	Earnings	Taxable Benefits	Total Earnings
Meeson, John J	Medical Consultant	$133,085	$273	$133,358
Mikhailov, Allen Charles	Finance [illegible] Business Partner	$107,153	$223	$107,370
Mordin, Donald Lawrence	VP, [illegible] Resources	$116,552	$298	$116,850
Morrison, Richard	Director, Small Business	$110,557	$230	$110,795
Mould, Ray	Chief Prevention & Corporate Strategy Officer	$240,837	$302	$241,139
Noble, Elaine	Legal Counsel	$112,870	$16	$112,892
Pamela, Catherine	Director, Clinical Resources	$157,571	$320	$157,891
Peter, Alice	Director, Research Secretariat	$125,830	$220	$126,025
Perrie, Gordon	Director, Collection Services	$104,232	$210	$104,440
Peter, Douglas	Senior Project Manager	$112,342	$179	$112,541
Prichett, Garry	Medical Consultant	$133,085	$273	$133,358
Pushka, Wayne	Director, Security & Investigations	$110,137	$235	$110,052
Ramsay, Willard	Actuary, Pricing & Valuation	$141,877	$292	$141,989
Redenbaugh, John D.	Director, Business Innovations Services	$100,734	$210	$100,944
Reitsma, Tania	Director, Small Business	$100,307	$225	$100,107
Schofield, Michel	Physician Coordinator, Specialty Clinic	$149,329	$298	$149,627
Scopa, Fernand	Director, Health Care Sector	$111,010	$230	$111,247
Scullion, Catherine	Medical Consultant	$132,682	$272	$132,954
Sgro, Joseph	Director, Quality Improvement	$131,488	$252	$131,739
Shojaee, Gary	Medical Consultant	$133,085	$273	$133,358
Shore, Frances	Director, Return to Work Project	$110,171	$252	$112,000
Shovell, Kathryn	Director, Corporate Administrative Services	$111,092	$220	$111,293
Simmons, Wayne D.	Director, Bonds & Money Market	$120,670	$290	$120,960
Slinger, John	VP, Regulatory Services and Appeals	$134,630	$200	$134,910
Slaski, Kara	Director, Investments	$173,071	$307	$173,378
Soloschuk, Thor	Medical Consultant	$133,085	$273	$133,358
Thomas, Roy E	Executive Director, Communications	$122,434	$249	$122,683
Thompson, Wayne	Director, Provider Relations	$100,328	$203	$100,529
Thomson, Garry	GM, Industry Sectors	$100,101	$334	$100,435
Tiella, Robert J.	Project Director	$100,522	$228	$101,750
Todorovic, Slavica	Director, Benefits Policy	$120,398	$250	$120,648
Tsatsaros, James	Medical Consultant	$120,002	$98	$120,100
Tsarchas, Robert W.	Director, Primary Metal Sector	$100,672	$22.	$100,700
Tucker, Cheryl	Director, Community Relations	$105,204	$311	$105,515
Vale Welch, Caroline	Director, Knowledge Services	$117,385	$244	$117,629
Walker, John	Medical Consultant	$133,085	$273	$133,358
Wallace, Tim	Senior Specialist, Operating Systems	$111,041	$211	$111,252
Wang, Kennedy	Director, Schedule II Sector	$113,227	$226	$113,453
Weatherbee, Wayne	GM, Small Business Services	$110,721	$311	$102,040
Wedras, Ian	Director, Revenue Policy	$122,710	$250	$122,960
Westcott, Scott	Medical Consultant	$107,401	$210	$107,609
Whitney, David	Director, Small Business	$100,603	$226	$100,829
Williams, David	President & CEO	$257,173	$447	$257,620
Williams, Susan	Director, Customer Care	$120,410	$203	$120,610
Wilson, John	Director, Schedule II Sector	$110,220	$229	$110,449
Wood, Deborah	Nurse Case Manager, Advanced Practice	$102,055	$145	$102,000
Wright, Glen	CEO & Chair of the Board	$212,534	$ 663	$213,197
Young, David	Associate Director, Revenue Audit	$100,103	$195	$100,120

NOTE: The amounts shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act, 1996* reflect the amount reported to Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 2003 for retroactive pay from a reclassification or a grievance settlement or a pay-out upon retirement. The earnings shown may also be less than the individual's annual rate of salary if the individual worked only part of the year.

PUBLIC SECTOR SALARY DISCLOSURE

WSIB employees earning over $100,000 per annum

Name	Position	Earnings	Taxable Benefits	Total Earnings
Abasi, Wasim T	Actuary	$108,909	$206	$109,115
Abrams, Brenda E	General Counsel	$226,027	$346	$226,373
Achar Kanuch, Andre	Medical Consultant	$12,510		$12,510
Adams, Valerie	VP, Information Services and CIO	$212,997	$320	$213,316
Ah Hang, Georges	Director, Financial Planning and Analysis	$111,452	$226	$111,678
Allingham, Richard	Director, Research and Evaluation	$103,248	$250	$103,498
Argent, Lucia	VP, Corporate Strategy & Corporate Secretary	$153,227	$276	$153,503
Argue, Robert	Director, Application Development	$145,244	$226	$145,470
Armstrong, Maria	Medical Consultant	$133,005	$253	$133,258
Arnaiz, J.	Medical Consultant	$107,005	$273	$107,278
Avis, Donna	Executive Director, Health Services Management	$146,775	$275	$147,052
Babinger, Adele Marie	Legal Counsel	$111,483	$122	$112,605
Bell, Susan	Director, Central Claims Processing	$139,754	$258	$140,012
Bennetts, John	Director, Services Sector	$139,938	$256	$140,194
Berend, Anne	VP, Human Resources	$139,962	$321	$127,283
Bialas, M.	Medical Consultant	$141,662	$303	$141,965
Bolard, John	Assistant Director, Industry Sector, Small Business	$133,887	$301	$134,188
Briggs, Margaret	Medical Consultant	$127,078	$279	$127,349
Brown, Elizabeth	Legal Counsel	$144,298	$342	$144,640
Burton, Neil	Director, Client Server Development	$125,598	$256	$125,854
Campbell, Clark	Director, Municipal Education & Electrical Utilities	$110,164	$123	$110,287
Castle, George	Medical Consultant	$133,005	$273	$133,278
Chan, Mandy K.	Medical Consultant	$139,529	$273	$139,802
Chan, Thomas	VP, Finance & Corp. Services & CFO	$243,599	$329	$243,928
Chen, Kerry	Senior Specialist, Database	$126,997	$179	$127,176
Chin, Chiu-tong	Director, Central Claims Processing	$122,299	$235	$122,534
Clark, Hanlon	Director, Pre-1998 Claims	$116,022	$214	$116,236
Cole, Beverley	Director, Technology Services	$113,144	$147	$113,291
Cook, Lawrence	Medical Consultant	$133,005	$273	$133,278
De Lorenzo, Ken J.	Medical Consultant	$133,801	$273	$134,074
De Lue, Hal	Director, Ontario Occupational Health Services Network	$131,418		$131,418
Desaulniers, Jean	Medical Consultant	$134,595	$273	$134,868
Dias, P. A.	Medical Consultant	$115,423		$115,423
Dumas, Dan	Medical Consultant	$126,985		$126,985
Dutton, John	Associate Director, Physician	$143,618	$749	$143,417
Fallon, Nuria	Director, Administrative Services	$122,840	$144	$124,027
Field, Paul	Director, Small Business	$139,442	$226	$139,768
Forsyth-Pimm, Deborah	Director, Systems Delivery	$134,957	$219	$135,176
Funk, Kevan	Director, Agriculture	$138,955	$225	$139,280
Furtos, Claire Marie	Director, Medical Occupational Disease Policy	$135,958	$228	$136,186
Gibson, Kathleen	Director, Business Operations Audit	$132,928	$242	$133,250
Gong, S. K.	Medical Consultant	$133,005	$273	$133,278
Grant, Judy	VP, Central Claims Processing & Service Client Services	$139,024	$218	$139,241
Gutierrez, Mario	Medical Consultant	$133,005	$273	$133,278

Name	Position	Earnings	Taxable Benefits	Total Earnings
Gillis, Henry	VP, Investments	$138,849	$447	$139,296
Hudson, Anne	Medical Consultant	$139,938	$260	$140,197
Hall, Nick M.	Director, Administrative Sector	$143,005	$205	$143,210
Hawkins, Alain J.	Director, Policy Investments	$145,209	$249	$145,458
Richardson, Robert	Associate Director, Physician	$149,339		$149,339
Herrington, Michael	Director, Small Business	$139,343	$251	$139,594
Hickman, Robert	Medical Consultant	$133,005	$273	$133,278
Higgins, Jack	Director, Small Business	$139,842	$239	$139,921
Hiller, Ken	Acting Chair	$149,977	$148	$150,127
Hoenig, Robert	VP & Chief Actuary	$237,473	$474	$237,947
Holmes, Paul	General Counsel	$149,182	$263	$149,445
Hunsberger, Bruce C.	Chief Operations Officer	$241,154	$449	$241,602
Hussain, Andrew	Director, Technology Services	$139,457	$258	$139,715
Jackson, Steven	VP, Human Resources	$211,338	$325	$211,663
Jamieson, Michael Frank	Director, Prosecutions	$141,959	$333	$142,229
Jolley, Linda	VP, Policy and Research	$230,227	$972	$231,199
Jones, Derek	Medical Consultant	$139,598	$273	$139,871
Kovats-Bicanic, E.	Medical Consultant	$133,005	$273	$133,278
Kelly, J. Brian	Associate Director, Physician	$133,732	$302	$134,034
Kelly, Linda	Director, Specialist & Advocacy Services	$141,452	$293	$141,745
Kerkoven, Carol	Director, Manufacturing Sector	$143,715	$239	$143,954
Kerr, Angus	Director, Mining Sector	$138,222	$235	$138,458
Khan, Aziz	Senior Specialist, Technology	$139,153	$187	$139,339
Kosmidis, Elizabeth	Legal Counsel	$155,103	$239	$155,342
Kushnir, Florian	Board Auditor	$279,102	$302	$280,264
Kuzmich, Heidi	Director, Corp. Exec. Office	$145,377	$275	$145,652
Kwong, Paul	Project Director	$129,290	$249	$129,539
Lalonde, Pat	Director, Small Business	$141,796	$247	$142,043
Lamoureux, Linda	VP, Regulatory Services Division	$151,299	$193	$151,492
Lau, Robert Hing	Director, Financial Services	$139,210	$225	$139,435
Leatherdale, Gene	Director, Construction Sector	$132,330	$204	$132,534
Leonard, Marianne	Director, Best Practices	$141,218	$259	$141,476
Lewis, Owen	Director, Applications Development	$139,776	$259	$140,035
Lindsay, David	Director, Client Server Development	$131,451	$242	$131,693
Lorenzetti, Ronald	Director, Prevention Services	$141,529	$228	$141,757
Louis, Mary	Director, Services Sector	$139,340	$225	$139,565
Mackie, Wendemar	Medical Consultant	$133,005	$273	$133,278
Mastrilli, Assunta	Medical Consultant	$133,005	$273	$133,278
McAllister, Roberta	Director, Revenue Audit Services	$141,436	$276	$141,644
McCarthy, Jane	VP, Health Services	$202,498	$233	$202,731
McElwee, Dave	Director, Small Business	$132,926	$229	$133,155
McIntosh, Linda Sue	Director, Occupational Disease and Survivor Benefits	$135,363	$239	$135,602
McKenna, Brian Patrick	Associate Director, Physician	$137,227	$238	$137,518
McKenna, Erin	Director, SPP & Specialty Projects	$133,427	$218	$133,645
McLean, Jan	Executive Director, Special Projects	$149,327	$172	$149,549
McLean, Katherine	Customer Relationship Manager	$130,998	$205	$131,174
McMurray, Robert	Treasurer	$171,028	$242	$171,271

Name	Position	Earnings	Taxable Benefits	Total Earnings
Meenan, John J.	Medical Consultant	$132,705	$273	$132,268
Meeuwissen, Allan Charles	Finance HR Business Partner	$107,153	$122	$107,276
Meisner, Donald Lawrence	VP, Human Resources	$199,552	$298	$199,849
Merriman, Richard	Director, Small Business	$139,557	$238	$139,795
Meslin, Ray	Chief Prevention & Corporate Strategy Officer	$240,837	$297	$241,134
Nolan, Elaine	Legal Counsel	$132,676	$16	$132,692
Nowicki, Catherine	Director, Clinical Resources	$157,571	$320	$157,891
Peter, Alice	Director, Research Secretariat	$155,830	$200	$156,029
Petrie, Gordon	Director, Corporation Services	$144,232	$216	$144,449
Petrin, Douglas	Senior Project Manager	$132,392	$179	$132,571
Probert, Gary	Medical Consultant	$133,005	$273	$133,278
Procsa, Wayne	Director, Security & Investigations	$139,787	$235	$140,022
Rabsky, Willard	Actuary, Pricing & Valuation	$141,577	$259	$141,836
Ramdeen, Jane D.	Director, Business Investment Services	$133,734	$210	$133,944
Redpath, Tara	Director, Small Business	$138,287	$225	$138,512
Schofield, Michael	Physician Coordinator, Specialty Clinic	$149,224	$218	$149,442
Schulz, Ferdinand	Director, Health Care Sector	$141,015	$228	$141,243
Scullion, Catherine	Medical Consultant	$132,592	$272	$132,864
Sgro, Joseph	Director, Quality Improvement	$131,438	$252	$131,738
Shapiro, Gary	Medical Consultant	$133,005	$273	$133,278
Shaw, Theresa	Director, Systems Work Project	$138,021	$262	$132,283
Sherrett, Kathryn	Director, Corporate Administrative Services	$131,302	$228	$131,530
Smithers, Warren B.	Director, Bonds & Money Market	$139,878	$790	$139,468
Steiger, John	VP, Regulatory Services and Appeals	$134,920	$200	$134,963
Stone, Dave	Director, Investments	$173,171	$367	$173,378
Tarasuk, Dan	Medical Consultant	$133,005	$273	$133,278
Thomas, Heidi	Executive Director, Communications	$131,434	$240	$131,660
Thompson, Wayne	Director, Financial Reviews	$140,376	$703	$140,979
Thomson, Gerry	VP, Industry Sectors	$145,131	$334	$145,465
Tobin, Robert J.	Project Director	$149,522	$219	$149,750
Tolmeijer, Sonia	Director, Benefits Policy	$213,745	$250	$213,995
Tomalino, James	Medical Consultant	$139,592	$98	$139,590
Tourtellotte, Robert W.	Director, Primary Metal Sector	$139,872	$228	$140,098
Turner, Cheryl	Director, Continuous Improvement	$145,204	$231	$145,435
Vale Woods, Gordon	Director, Knowledge Services	$117,285	$744	$117,029
Walker, John	Medical Consultant	$133,005	$273	$133,278
Wallace, Tim	Senior Specialist, Operating Systems	$131,141	$291	$131,432
Wang, Kennedy	Director, Schedule II Sector	$132,227	$229	$132,463
Weatherbee, Wayne	VP, Small Business Services	$191,721	$316	$192,040
Weston, Lee	Director, Revenue Policy	$122,716	$250	$122,966
Westwell, Scott	Medical Consultant	$127,481	$218	$127,699
Whitney, David	Director, Small Business	$139,602	$229	$139,829
Williams, David	President & CEO	$257,172	$447	$257,620
Williams, Susan	Director, Customer Care	$139,448	$261	$139,668
Wilson, John	Director, Schedule II Sector	$143,138	$229	$143,490
Wood, Deborah	Nurse Case Manager, Advanced Practice	$133,655	$145	$133,800
Wright, Jim	CEO & Chair of the Board	$212,534	$663	$213,197
Young, David	Associate Director, Revenue Audit	$130,120	$195	$130,315

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TEN-YEAR HISTORY

($ millions)	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
REVENUES										
Premiums for current year	$2,068	$1,997	$1,866	$1,760	$1,707	$1,722	$1,886	$1,917	$1,953	$1,864
Investments	456	246	765	1,128	1,042	982	839	699	578	500
	2,524	2,243	2,631	2,888	2,749	2,704	2,725	2,616	2,531	2,364
EXPENSES										
Benefit costs paid	2,996	2,883	2,755	2,558	2,195	2,256	2,244	2,368	2,383	2,330
Net increase/(decrease) in benefit liabilities	495	692	270	125	135	(85)	(1,740)	50	(150)	(75)
Injured Workers' Retirement Fund	56	52	50	46	44	44	43	40	36	31
	3,547	3,627	3,075	2,729	2,374	2,214	547	2,458	2,269	2,286
Administrative and other expenses	210	240	236	247	387	336	341	321	339	339
Legislated obligations	172	160	162	156	145	125	117	98	113	104
	3,929	4,027	3,473	3,132	2,906	2,675	1,005	2,877	2,721	2,721
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES FROM CURRENT OPERATIONS	(1,405)	(1,784)	(842)	(244)	(157)	29	1,720	(261)	(190)	(357)
Premiums for unfunded liability	861	902	860	971	1,061	930	683	693	700	487
Transfer of electrical utilities from Schedule 2		(52)								
Excess (deficiency) of revenues over expenses	(544)	(934)	18	727	904	959	2,403	432	510	130
Unfunded liability, beginning of year	6,591	5,657	5,675	6,402	7,098	8,057	10,460	10,892	11,402	11,532
Change in accounting policy					208					
Unfunded liability, end of year	$7,135	$6,591	$5,657	$5,675	$6,402	$7,098	$8,057	$10,460	$10,892	$11,402

OTHER STATISTICS	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
SCHEDULE 1										
Average premium rate (per $100 of payroll)	$2.19	$2.13	$2.13	$2.29	$2.42	$2.59	$2.85	$3.00	$3.00	$3.01
Total insured payroll ($ millions)	$125,638	$120,252	$113,727	$109,237	$101,654	$96,205	$91,497	$86,844	$86,065	$82,818
SCHEDULE 1 & 2										
Number of new claims by registration year	354,926	361,179	371,067	379,079	364,069	342,687	341,178	345,606	371,837	370,444
Number of WSIB employees as of December 31	4,276	4,390	4,513	4,466	4,260	4,057	3,966	4,373	4,597	4,603

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WSIB ONTARIO Workplace Safety & Insurance Board

CSPAAT Commission de la sécurité professionnelle et de l'assurance contre les accidents du travail

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